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LISTING STATEMENT NO. 2578

LISTED NOVEMBER 29, 1972.
4,100,000 Trust Units of which 2,300,000 units are subject to issuance.
Stock Symbol — TAPE — TDR ■ UN
 CANDAT — TDR ■ U
Post Section 5.4

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

TD REALTY INVESTMENTS

A trust created under the laws of the Province of Ontario by a declaration of trust dated June 23, 1972, as amended to October 11, 1972.

CAPITALIZATION AS AT OCTOBER 12, 1972

Capital	Authorized	Issued and Outstanding	To be Listed
Trust Units	12,000,000	1,800,000	4,100,000 (1)
FUNDED DEBT			
1972 Participating Subordinated Note	\$35,000,000	\$35,000,000	Nil

NOTE

(1) Of which 2,300,000 are subject to issuance.

1. APPLICATION

TD REALTY INVESTMENTS (the "Trust") hereby makes application for the listing on The Toronto Stock Exchange of 4,100,000 trust units (the "Trust Units") of the Trust of which 1,800,000 have been issued and are outstanding as fully paid and non-assessable. The remaining 2,300,000 Trust Units included in this application have been reserved as follows:

For issue upon exercise of warrants, as more particularly described in Section II(iii) below	900,000
For issue upon conversion of debentures of TDRI Limited, as more particularly described in Section II(ii) below	1,400,000

2. HISTORY

The Trust is an unincorporated trust created under the laws of Ontario in 1972 pursuant to the terms of a declaration of trust dated June 23, 1972, as amended to October 11, 1972, (the "Declaration of Trust").

3. NATURE OF BUSINESS

The activities of the Trust are described in the attached prospectus of TD Realty Investments dated September 20, 1972, (the "Prospectus") which is hereby made part hereof. Particulars of such activities are contained in the second and third paragraphs on page 4 of the Prospectus under the heading "TD REALTY INVESTMENTS". The Trust has no employees other than its Trustees and officers, the names of whom are set out below under the heading "Trustees and Officers".

4. DECLARATION

The Trust was created pursuant to the Declaration of Trust which also provides for and authorizes the creation and issue of 12,000,000 Trust Units. The Trust Units are all of one class and are without par value.

5. TRUST UNITS ISSUED DURING PAST TEN YEARS

Trust Units

<u>Date of Issue</u>	<u>No. of Units Issued</u>	<u>Amount Realized Per Unit</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
June 23, 1972	10,000	\$25	\$ 250,000	Adviser investment
September 6, 1972	190,000	\$25	4,750,000	Increased Adviser investment as required by OSC
October 12, 1972	1,600,000	\$23.4375	37,500,000	In accordance with an underwriting agreement dated September 20, 1972, between the Trustee and McLeod, Young, Weir & Company Limited (the "Underwriting Agreement")

6. STOCK PROVISIONS AND VOTING RIGHTS

Each Trust Unit carries one vote at all meetings of holders of Trust Units. There are no units of the Trust other than the Trust Units.

7. DIVIDEND RECORD

The Trust has not paid any dividend on the Trust Units.

8. RECORD OF PROPERTIES

The properties of the Trust are described on page 11 of the Prospectus.

9. SUBSIDIARY COMPANIES

The Trust has no subsidiary companies.

10. FUNDED DEBT

<u>Description of Issue</u>	<u>Aggregate Amount Authorized</u>	<u>Principal Amount Outstanding</u>	<u>Maturity Date</u>	<u>Interest Dates</u>
1972 Participating Subordinated Note (the "Note")	\$35,000,000	\$35,000,000	February 15, 1993	February 15 and August 15

The Trust may be required to prepay the Note in part from time to time in amounts equal to the principal amounts of Debentures being surrendered for cancellation on conversion or otherwise pursuant to the terms of the "Conversion Indenture" as more particularly set out in Paragraph II(ii) below.

11. OPTIONS, UNDERWRITINGS, ETC.

(i) 100,000 of the Trust Units owned by the Adviser are being held in escrow pursuant to an agreement (the "Escrow Agreement") dated October 12, 1972, between the Adviser, the Trust and Canada Permanent Trust Company. The Escrow Agreement provides, *inter alia*, that none of the escrowed Trust Units may be sold, assigned or otherwise dealt with without the consent of the Ontario Securities Commission.

(ii) Pursuant to an agreement (the "Conversion Indenture") made as of October 10, 1972, between the Trust, TDRI Limited and National Trust Company, Limited, as trustee, the Debentures will be convertible at the holder's option into fully paid and non-assessable Trust Units, as presently constituted (without adjustment for interest, fixed or participating, accrued on the Debentures or for dividends on the Trust Units issuable upon conversion) at any time on and after August 15, 1973, up to the close of business on February 14, 1993, or, if called for redemption, on the business day immediately preceding the date specified for redemption of such Debentures, on the basis of one Trust Unit for each \$25 principal amount of the Debentures surrendered for conversion.

(iii) The warrants hereinbefore in Section 1 referred to (the "Warrants") have been issued in bearer form under an indenture (the "Warrant Indenture") made as of October 10, 1972, between the Trust and Canada Permanent Trust Company, as trustee, and will be mailed by registered mail to each registered holder of Trust Units of record at the close of business on August 14, 1973, or such earlier date as may be determined by the Trustees and of which at least 15 days' prior notice shall have been given to each registered holder of Trust Units. The Warrant Indenture and the Conversion Indenture provide that the Trust shall not be required to issue fractional Trust Units upon the exercise of Warrants or the conversion of Debentures, as the case may be, but shall, in lieu of delivering a fractional Trust Unit, issue a non-participating certificate in respect of such fractional interest entitling the bearer to receive a whole number of Trust Units on the surrender of scrip certificates calling for such number of Trust Units.

12. LISTINGS ON OTHER STOCK EXCHANGES

Application has been made simultaneously herewith for the listing of the Trust Units on the Montreal and Vancouver Stock Exchanges.

1,600,000 Units **TD REALTY INVESTMENTS**

(A trust created under the laws of the Province of Ontario)

1,600,000 Trust Units and Warrants to Purchase 800,000 Trust Units **Offered in Units each consisting of one Trust Unit and one Warrant**

There is at present no market for the Trust Units or the Warrants and the offering price of the Units has been determined by negotiation between TD Realty Investments and the Underwriter.

These Trust Units are not redeemable.

WARRANTS

Each Warrant when combined with one other such Warrant will entitle the bearer to purchase, up to August 15, 1977, one Trust Unit at the price of \$25. See "Description of Warrants".

Applications have been made to list the Trust Units on the Toronto, Montreal and Vancouver stock exchanges. Acceptance of the listings will be subject to the filing of the required documents and evidence of satisfactory distribution, both within 90 days.

See "Risk Factors" on page 12 for (a) possible personal liability of Unitholders for obligations of TD Realty Investments and (b) investment risk factors.

	Price to Public	Underwriting Discount	Proceeds to TD Realty Investments(1)(2)
Per Unit.....	\$25.00	\$1.5625	\$23.4375
Total.....	\$40,000,000	\$2,500,000	\$37,500,000

- (1) Concurrently herewith, an offering is being made in accordance with the underwriting agreement referred to below of \$35,000,000 principal amount of Convertible Participating Subordinated Debentures 1972 Series of TDRI Limited, the proceeds of which are to be applied towards the purchase of a \$35,000,000 1972 Participating Subordinated Note of TD Realty Investments.
- (2) Before deducting estimated expenses of the issue of the Units and the underwriting discount on such Debentures, totalling \$1,643,750, as described under "Use of Proceeds".

We, as principals, conditionally offer these Units, subject to prior sale, if, as and when issued and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under "Underwriting" and subject to the approval of all legal matters on our behalf by Messrs. Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery & Renault, Montreal, on behalf of the Adviser by Messrs. Osler, Hoskin & Harcourt, Toronto, and on behalf of TD Realty Investments and TDRI Limited by Messrs. Borden, Elliot, Kelley & Palmer, Toronto.

Price: \$25.00 per Unit

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time. It is expected that certificates for Trust Units in interim form (exchangeable for definitive certificates after the mailing of the Warrants) will be available for delivery on or about October 12, 1972. The Warrants will be mailed by registered mail to each registered holder of Trust Units of record at the close of business on August 14, 1973 or such earlier date as may be determined by TD Realty Investments and of which it shall have given at least 15 days prior notice to each registered holder of Trust Units.

McLEOD, YOUNG, WEIR & COMPANY **LIMITED**

TORONTO MONTREAL VANCOUVER WINNIPEG CALGARY EDMONTON OTTAWA HAMILTON
 LONDON KITCHENER QUEBEC CITY WINDSOR HALIFAX REGINA VICTORIA SHERBROOKE KINGSTON
 NEW YORK LONDON, ENGLAND PARIS, FRANCE

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This prospectus, with appropriate differences on the cover page, is being used for both the offering of 1,600,000 Units of TD Realty Investments and the offering of \$35,000,000 Convertible Participating Subordinated Debentures 1972 Series of TDRI Limited described below. Each issue is conditional upon the sale of the other.

1,600,000 Units

TD REALTY INVESTMENTS

**1,600,000 Trust Units and Warrants to purchase 800,000 Trust Units
Offered in Units each consisting of one Trust Unit and one Warrant**

Trust Units represent a beneficial interest under the provisions of the Declaration of Trust creating TD Realty Investments, a trust created under the laws of the Province of Ontario. Each Warrant when combined with one other such Warrant will entitle the bearer to purchase, up to August 15, 1977, one Trust Unit at the price of \$25.

Price: \$25.00 per Unit

\$35,000,000

TDRI LIMITED

Convertible Participating Subordinated Debentures 1972 Series

To be dated the date of issue

To mature February 15, 1993

These Debentures will be entitled to interest at a rate of not less than $5\frac{1}{2}\%$ nor more than 10% per annum depending on the net revenue (excluding gains or losses on dispositions) of TD Realty Investments after certain deductions, will be convertible at the option of the holder on and after August 15, 1973 into Trust Units of TD Realty Investments on the basis of one Trust Unit for each \$25 principal amount of Debentures, will not be redeemable prior to August 15, 1977, will be guaranteed as to principal and interest by TD Realty Investments, and will be secured by the pledge of a Note of TD Realty Investments in the same principal amount. The Debentures will be subordinated to Prior Indebtedness of TDRI Limited and the guarantee thereof and the said Note will be subordinated to Prior Indebtedness of TD Realty Investments.

Price: 100

GENERAL

TD Realty Investments

TD Realty Investments (the "Trust") is an unincorporated trust created under the laws of Ontario pursuant to a declaration of trust dated June 23, 1972 as amended as of September 20, 1972 (the "Declaration of Trust"). Its principal and head office is located at Toronto-Dominion Centre, Toronto, Ontario. The beneficial interest provided for in the Declaration of Trust is divided into transferable units (the "Trust Units"). See "Description of Trust Units".

The Trust is designed to operate as a mortgage and real estate financing intermediary which will enable investors to participate, through investment in its marketable securities, in a professionally managed and leveraged portfolio of diversified mortgage loans and other real estate investments.

The Trust will be managed by a board of elected trustees (the "Trustees") who will have exclusive authority over its assets and the management of its affairs. See "Management". The Trustees will receive investment and financial advice from a Canadian chartered bank (the "Adviser"). Certain of the Trustees and officers of the Trust are officers and/or directors of the Adviser but the Declaration of Trust requires that a majority of the Trustees shall not be Affiliates or employees of the Adviser or of an Affiliate of the Adviser. The term "Affiliate" is defined in the Declaration of Trust to mean an "insider" or "associate" including affiliated, controlled and subsidiary companies, as defined from time to time in The Securities Act of Ontario.

The Adviser has subscribed and paid for the initial 200,000 Trust Units of the Trust at a price of \$25 per unit pursuant to two subscription letters dated June 23, 1972 and September 6, 1972 (the "Subscriptions"). As a part of this transaction, the Trust has agreed to issue to the Adviser warrants entitling the bearer to purchase an additional 100,000 Trust Units at said price of \$25 per unit at any time up to August 15, 1977. Said warrants are issuable concurrently with the issue of the warrants included in the units (the "Units") being offered at this time. 100,000 of the Trust Units owned by the Adviser are to be held in escrow pursuant to an agreement (the "Escrow Agreement") to be dated October 12, 1972 between the Adviser, the Trust and Canada Permanent Trust Company. The Escrow Agreement provides, inter alia, that none of the escrowed Trust Units may be sold, assigned or otherwise dealt with without the consent of the Ontario Securities Commission. The Adviser has covenanted in the Advisory Contract referred to opposite under "The Adviser" that during the term of such contract it will not acquire any Trust Units for its own account if, as a result of such acquisition, it would become the owner of more than 35% of all the Trust Units then outstanding.

TDRI Limited

TDRI Limited (the "Company") is a company incorporated under the laws of Ontario by letters patent dated November 25, 1963 as amended by articles of amendment dated June 19, 1972, which, among other things, changed its corporate name from Eastbourne Credit Company Limited to its present name. Its principal and head office is located at Toronto-Dominion Centre, Toronto, Ontario. All of its outstanding shares are owned equally by the Adviser and McLeod, Young, Weir & Company Limited (the "Underwriter") and each of its directors (the "Directors") is an officer or employee of the Adviser or the Underwriter. The Company, which has heretofore operated as a finance company, has agreed in the Financing Agreement described under "Financing" to limit its future business to the borrowing of money and the lending of this money to the Trust. It does not own any Trust Units.

The Convertible Participating Subordinated Debentures 1972 Series due February 15, 1993 of the Company (the "Debentures") will provide investors with a fixed minimum return on their investment and, at the same time, an opportunity to participate in the revenues earned by the Trust, within certain limits. The holders of the Debentures will also have the right, at all times on and after August 15, 1973, to convert their Debentures into Trust Units of the Trust. See "Description of Debentures".

Concurrently with the issue by the Trust of the Units and the issue by the Company of the Debentures, the Trust is issuing to the Company a 1972 Participating Subordinated Note (the "Note"). The Note will be issued in a principal amount equal to the principal amount of the Debentures so to be issued and will

bear interest at a rate which will be 1/100 of 1% higher, on an annual basis, than the fixed and participating interest to become due on the Debentures. Concurrently with each reduction in the principal amount of the Debentures outstanding upon the redemption thereof or upon the conversion thereof into Trust Units, the principal amount due under the Note will be reduced by a like amount. See "Description of Note".

The Adviser

The Trust is entering into a contract (the "Advisory Contract") dated as of September 20, 1972 with the Adviser. Under this contract the Adviser will propose a continuing and suitable investment program and present investment opportunities to the Trust, act as its investment and financial adviser and administer its day-to-day operations.

The Adviser has participated actively in the financing of a wide variety of real estate projects including apartments and single family dwellings, shopping centres and office buildings and is considered a leader in this field among Canadian chartered banks.

The Trust will have available to it the experience and abilities of the Adviser in the real estate investment field, and in particular will be able to draw upon the services of the Adviser's mortgage, property development, credit and investment personnel in evaluating the soundness of any proposed investment. It is expected that the Trust will benefit from investment opportunities generated by the Adviser through its network of over 800 branches across Canada and overseas and through its relations developed over the years with builders, developers and investors.

The Adviser and the Advisory Contract are described in more detail under those headings elsewhere in this prospectus.

Additional Funds

It is intended that the Trust will borrow from the Company which in turn will obtain borrowed funds by issuing term debt and commercial paper, and through lines of credit with banks, including foreign banks. See "Financing". The Adviser will extend to the Company a confirmed line of credit of \$5,000,000 on the same terms and conditions as are customarily accorded its prime commercial borrowers, repayment of which will be guaranteed by the Trust. The Adviser will also give favourable consideration to a standby line of credit up to \$25,000,000 when warranted by the operating results and investment activities of the Trust. The Trust expects to derive substantial advantages through the leverage effect of borrowed funds. The Trust may also raise additional funds through future issues of Trust Units.

Tax and Dividends

The Trust, as a trust, will be treated under existing legislation as a conduit to the extent that it will not be taxed on net income and net capital gains for any fiscal year which are paid or payable in such year to the holders of Trust Units. See "Tax Status". As described under "Distributions", substantially all net income will be distributed annually to holders of Trust Units by way of quarterly dividends.

Mortgage and Real Estate Market

Private sector construction expenditures in Canada during 1971 totalled \$10.1 billion. During the same period, non-government lending institutions approved more than \$4.6 billion in mortgage loans on both residential and non-residential properties. Private lending institutions are the principal mortgage lenders in Canada, although both individuals and government agencies such as Central Mortgage and Housing Corporation ("C.M.H.C.") also originate substantial mortgage loans. The principal private mortgage lenders are chartered banks, life insurance companies, trust and loan companies, Quebec savings banks, and mutual benefit and fraternal societies. To date, the participation in the mortgage lending field of mutual funds and tax exempt organizations such as pension funds and charitable institutions has generally been small in relation to their total assets.

The following breakdown of all mortgage loans approved by private lending institutions over the past five years is based upon statistics published by C.M.H.C.:

	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>
	 (\$ millions).....				
Conventional mortgage loans on residential property ..	\$1,963	\$1,183	\$1,651	\$1,534	\$1,400
Mortgage loans on residential property insured under the National Housing Act.....	1,867	937	711	832	356
Mortgage loans on non-residential property	847	508	432	335	369
Total.....	<u>\$4,677</u>	<u>\$2,628</u>	<u>\$2,794</u>	<u>\$2,701</u>	<u>\$2,125</u>

C.M.H.C. statistics also show that the mortgage loans indicated by the above total dollar amounts were distributed among private lending institutions as follows:

	<u>1971</u>		<u>1970</u>		<u>1969</u>		<u>1968</u>		<u>1967</u>	
	 (\$ millions).....									
Chartered banks.....	\$1,165	24.9%	\$ 510	19.4%	\$ 381	13.6%	\$ 446	16.5%	\$ 253	11.9%
Life insurance companies.....	850	18.2	456	17.4	621	22.2	845	31.3	800	37.6
Trust companies.....	1,603	34.3	1,080	41.1	1,177	42.1	899	33.3	662	31.2
Loan companies.....	900	19.2	448	17.0	474	17.0	397	14.7	351	16.5
Other companies*....	159	3.4	134	5.1	141	5.1	114	4.2	59	2.8
Total.....	<u>\$4,677</u>	<u>100.0%</u>	<u>\$2,628</u>	<u>100.0%</u>	<u>\$2,794</u>	<u>100.0%</u>	<u>\$2,701</u>	<u>100.0%</u>	<u>\$2,125</u>	<u>100.0%</u>

*Includes Quebec savings banks, mutual benefit and fraternal societies.

The Canadian Government has recognized the need for encouraging new private sector financing mechanisms and institutions for the residential mortgage market in Canada by introducing into Parliament a bill entitled the "Residential Mortgage Financing Act". It is the opinion of the Adviser that the current and future total demand for all types of mortgage and real estate financing in Canada is creating a need for other new types of financial intermediaries such as the Trust whose operations, although competitive with, will also be complementary to the new financing mechanisms and institutions which may be formed under the proposed legislation, if enacted.

Regulation

The activities of the Trust will be subject to the laws of all jurisdictions in which such activities are carried on. The Trust is satisfied that there is no legislation which would unduly restrict its operations as contemplated by this prospectus.

FUNDAMENTAL RESTRICTIONS

The Declaration of Trust contains fundamental restrictions to the following effect.

- (a) The Trust will conduct its activities so as to qualify as a "unit trust" under section 108(2) (b) of the Income Tax Act of Canada, the provisions of which relating to investment are as follows: (i) at least 80% of its property throughout the year must consist of shares, bonds, mortgages, marketable securities, or cash, or of rights to or interests in any rental or royalty computed by reference to the amount or value of production from an oil or gas well, or from a mineral resource, situated in Canada; (ii) not less than 95% of its income for the year must be derived from, or from dispositions of, investments described in

- (i) above; and (iii) at no time in the year may more than 10% of its property consist of shares, bonds or securities, including mortgages, of any one corporation or debtor other than Her Majesty in right of Canada or a province or a Canadian municipality.
- (b) The Trust will not incur any indebtedness if the same would result in the total indebtedness of the Trust exceeding five times the aggregate sum paid to the Trust on the issue of Trust Units (the "Equity Capital") plus retained earnings and realized capital gains of the Trust less deficit and capital losses of the Trust, whether or not realized. For the purposes of this restriction, indebtedness of the Trust is defined to mean, in effect, all indebtedness due for monies borrowed and all amounts which it would be necessary for the Trust to borrow in the future by reason of being called upon to fulfil, as and when the same may become due, all existing contractual commitments for the payment of monies, but not so as to include any guarantee by the Trust of indebtedness of the Company to the extent that proceeds of such indebtedness are made available to the Trust and obligations of the Company (including the Note) are pledged by the Company as security for such indebtedness.
- (c) The Trust will not invest in or continue to hold any "foreign property" as that term is defined in the Income Tax Act of Canada if the cost of all such foreign property held by the Trust exceeds or will exceed 10% of the cost of all assets held by it at such time. The term "foreign property" as presently used in such Act includes, subject to certain exceptions not relevant to this restriction, property situated outside Canada and rights therein, any share of a corporation other than a Canadian corporation and any bond, debenture, mortgage, hypothec, note or similar obligation of, or issued by, a person not resident in Canada.
- (d) Not more than 10% of the Equity Capital and indebtedness of the Trust raised in Canada will be invested by the Trust outside Canada.
- (e) Investments in real estate will be confined to income producing properties and the book value of such investments will at no time constitute more than 20% of the book value of the total assets of the Trust; provided that these restrictions will not apply to equity interests in real property acquired through foreclosure of a mortgage owned by the Trust, or conveyed to the Trust in full or partial satisfaction of indebtedness owed to the Trust, pending disposal thereof within a reasonable period.
- (f) At all times at least 50% of the book value of the total assets of the Trust will consist of (i) investments described as *National Housing Act* ("N.H.A.") *mortgage loans* and *Conventional mortgage loans* under "Principal Types of Investments Contemplated" which are first mortgage loans (provided that *Conventional mortgage loans* with loan to value ratios exceeding 75% will be excluded for the purposes of this calculation unless the excess is insured by an insurance company registered under the Canadian and British Insurance Companies Act (Canada) or the Foreign Insurance Companies Act (Canada)) and (ii) cash, cash items and obligations of Canadian municipal, provincial and federal governments and governmental agencies.
- (g) The Trust will not acquire any single investment or related group of investments involving one property, development or developer and its Affiliates where such investment or investments would exceed 10% of the book value of the total assets of the Trust.
- (h) The Trust will not invest in equity interests of other real estate or mortgage investment issuers, whether incorporated or unincorporated, except that it may purchase equity interests in such an issuer formed and operated only for the purpose of holding a particular income producing real estate property.
- (i) The Trust will not invest in rights to or interests in mineral resources, including oil or gas, or acquire real estate for development purposes, except real estate acquired on foreclosure or similar proceedings or conveyed to the Trust in full or partial satisfaction of indebtedness owed to the Trust.
- (j) The Trust will not make loans to or invest in the securities of the Adviser provided that this restriction will not prohibit the Trust from entering into banking transactions with any Canadian chartered bank including the Adviser.

For the purpose of the foregoing restrictions, other than those described in (a) and (c), the assets, liabilities and transactions of wholly-owned subsidiaries of the Trust will be deemed to be those of the Trust.

USE OF PROCEEDS

In accordance with the terms of the Underwriting Agreement as described under "Underwriting", the Company proposes to apply the proceeds of \$33,556,250 to be received by it from the sale of the Debentures towards the purchase of a \$35,000,000 Note of the Trust at the principal amount thereof, the balance of such purchase price being covered by the assumption by the Trust of the \$1,443,750 underwriting discount on the Debentures.

The proceeds to the Trust from the issues of the Units and the Note will be \$37,500,000 and \$35,000,000, respectively. The total net proceeds to the Trust from these issues is estimated to be the aggregate of said amounts, namely \$72,500,000, less the aggregate of the expenses of the issue of the Units, estimated at \$200,000, and the discount on the Debentures of \$1,443,750. The Trust has agreed with the Company to assume the discount on the Debentures as such discount is incidental to the issue of the Note, and proposes to charge all of the foregoing discount and expenses against its capital.

The said estimated total net proceeds amounting to \$70,856,250 are intended to be invested to the extent of approximately \$22,268,000 in the acquisition of the investments listed as being wholly or partially funded under "Initial Investments" pursuant to an agreement (the "Initial Portfolio Agreement") between the Trust and the Adviser, dated as of September 20, 1972. It is intended that the balance of such net proceeds will be invested to the extent of \$19,674,000 in the unadvanced balances of such investments and pursuant to the commitments to invest shown under "Initial Investments". The remainder of said estimated total net proceeds together with the \$5,000,000 subscribed by the Adviser will be invested in investments of the nature described under "Investment". Pending such acquisition and investment, the uninvested portion of the net proceeds to the Trust together with the said \$5,000,000 will be invested in direct or guaranteed obligations of the governments of Canada and/or any Province thereof and/or certificates of deposit and/or time deposits of any Canadian chartered bank including the Adviser. Any investments in deposits with the Adviser will be at rates competitive with those available from other Canadian chartered banks.

INVESTMENT

The Declaration of Trust authorizes the Trust to invest in mortgages, and real estate and interests therein. Within the limits described under "Fundamental Restrictions", it is the intention of the Trustees to invest primarily in a broad range of mortgage loans having various maturities. Within such limits the Trustees also expect to acquire ownership interests, either directly or through one or more subsidiaries, in real estate having an income producing capability. Each investment by the Trust or by a wholly-owned subsidiary must be approved either by the Trustees or by the investment committee (the "Investment Committee") of the Trustees. Investments may be shared with other investors, including the Adviser and Affiliates of the Adviser. It is expected that, for accounting purposes, any losses or gains realized on the disposition of investments will be attributed to capital account.

Mortgages may stipulate floating rates of interest tied to either the cost of short and intermediate term funds or the prime lending rates of Canadian or other banks. They may also have fixed rates of interest which, in the case of long-term mortgages, would usually be subject to renegotiation from time to time. Based on present market conditions, floating rates of interest are expected to be from one to four percentage points above the interest rate at which funds are available to the Trust. Where appropriate, the Trust will also receive commitment fees, negotiation fees and standby fees. The Trustees will also seek to acquire interests incidental to the making of mortgage loans in an effort to provide income and capital appreciation over and above the stipulated rate of interest. These may include the right to receive additional payments based on gross sales or rental income, stock, or other ownership interests.

The Trustees may vary the mix of maturities, types and amounts of mortgage, real estate equity and other investments in light of changes in economic circumstances and other relevant factors. The method of implementing the Trust's investment policies may also be altered as new investment forms are developed.

The Trust's investments will be held in the name of the Trust or the Trustees or in the custody of the Adviser. The activities of the Trust will be restricted to investment and it does not propose to engage in any business. It may, however, invest in the securities of companies, including its subsidiaries, which are engaged in business.

Principal Types of Investments Contemplated

The following are intended to illustrate the types of investment which the Trust may make, either directly or through a subsidiary. These descriptions are summaries of the more common forms of real estate investment and are not intended to be exhaustive, since a variety of other techniques presently exist and new forms of real estate investment frequently gain acceptance:

National Housing Act ("N.H.A.") mortgage loans secured by homes, apartments and other residential buildings, including nursing homes, with loan to value ratios determined by C.M.H.C. and at fixed rates of interest which may provide for periodic renegotiation during the amortization period. N.H.A. mortgages are insured against capital loss by C.M.H.C. which insurance provides that, in the event of default resulting in the mortgagee obtaining and transferring to C.M.H.C. satisfactory title to the mortgaged property, C.M.H.C. will pay in cash to the mortgagee 100% of the outstanding principal balance (98% for mortgages issued prior to March 19, 1959) plus allowances for legal expenses and loss of interest.

Conventional mortgage loans secured by a broad range of residential, commercial and industrial property. Loan to value ratios will normally be up to 75% but consideration of ratios in excess of this amount will be given, if justified, on the basis of such factors as the financial responsibility of the owners and tenants, the particular area where a property is located or insurance coverage on the excess amount. Such mortgages generally carry a fixed rate of interest which may be renegotiated from time to time during the amortization period or occasionally may be floating and tied to the cost of funds. Such interest may also be supplemented by increased or additional payments based on sales or rental income from the property subject to the mortgage. Properties may be in the planning stage, under construction or completed, and may include such projects as shopping centres, office buildings, industrial property, apartments and other housing projects.

Construction mortgage loans, generally for terms of less than 30 months to finance the development of residential, commercial or industrial properties. Normally interest will be stipulated at a floating rate with provision for a standby fee on the undrawn portion of the loan. A construction loan may be made after a "take-out" has been arranged from the Trust or another long-term lender. In some cases, the Trust would be prepared to commit a construction loan on the credit of the project with long-term financing to be arranged at a later date. On loans where no "take-out" is arranged the rate of interest is usually 1% to 3% higher.

Wrap-around loans, where a mortgage is placed on property under circumstances in which the value of the property justifies a mortgage loan for the aggregate of the amount of the outstanding prior mortgage and the amount actually to be advanced under the wrap-around loan, but for various reasons it is not possible or desirable to retire the prior mortgage and the principal amount of the wrap-around loan is equal to the outstanding balance under the prior mortgage loan and the amount actually to be advanced under the wrap-around loan. The holder of the wrap-around loan may assume responsibility for the payments under the prior mortgage.

Development mortgage loans, generally for periods of up to 36 months to finance the acquisition of unimproved land and the cost of converting it into serviced building lots where there is an obligation to complete the development within a reasonable period of time. Generally, rates of interest will be on a floating basis, and a standby fee will be required on the undrawn portion of the loan. Such developments include, among other things, the installation of utilities, drainage and roadways. Development loans are normally repaid from the proceeds of sale of lots or by subsequent financing.

Standing loans, which provide short-term mortgage financing on properties improved or to be improved, requiring periodic payment of fixed or floating interest during the term, and full payment of principal at maturity. Such loans will generally be made without "take-out" commitments from a long-term lender, but will be backed by acceptable credits.

Gap financing whereby a short-term loan subject to a prior first mortgage is made to fund the difference between the maximum amount a long-term lender is prepared to advance when all its conditions (such as the

stage of construction, percentage leased, holdbacks for various reasons) have been fulfilled, and the amount it is prepared to advance prior to such conditions or any of them being satisfied. Generally these loans will have a term of up to three years and will provide for fixed or floating rates of interest.

Purchase leaseback financing whereby real estate is purchased, which may or may not be subject to encumbrances, and is concurrently leased back to the vendor on rental terms which are sufficient to essentially amortize the acquisition cost and provide a reasonable return on the investment. Rentals will normally be based on a fixed interest component, but provision will usually be made for periodic renegotiation of the rental.

Standby commitments where, for a fee, an undertaking is given to make a loan at some future date for a specified amount at a stated rate of interest and repayment terms. By obtaining a standby commitment, a developer is assured of his long-term financing needs on the terms so arranged. This will assist him in his negotiations to obtain a construction mortgage loan from lenders who may require prior arrangement of such "take-out" commitments. The existence of such a commitment may assist a developer in negotiating more favourable long-term financing with others.

Real estate equity investments, normally related to the making of mortgage loans, may be made in a wide variety of real estate projects which show promising income producing capability. These investments may include stock or other ownership interests in the owner or developer, or rights to acquire such interest, or direct ownership interests in the real estate.

INITIAL INVESTMENTS

Subject to the completion of the financings contemplated by this prospectus, the Trust intends to make the initial investments (the "Initial Investments") described in the table set out opposite. All information in such table is as of September 6, 1972. The Initial Investments are to be made available to the Trust under the Initial Portfolio Agreement pursuant to which the Adviser has agreed to sell certain fully and partially advanced mortgages to the Trust and to assign and transfer to the Trust the Adviser's rights and obligations under certain written commitments entered into by the Adviser.

The Initial Portfolio Agreement provides that the purchase prices for the Initial Investments described as being wholly or partially funded will, in every case, be an amount equal to the amount advanced thereon (the Adviser's cost) plus accrued interest, less repayments of principal. The Trustees have obtained independent appraisals or opinions with respect to all such investments except those which are government guaranteed. The amounts to be paid for such investments were approved by the Trustees (including a majority of those Trustees who are not Affiliates or employees of the Adviser or of any of its Affiliates or otherwise interested in the investment to be acquired) who have concluded that the consideration to be paid for such investments compares favourably with comparable investment opportunities. The Initial Portfolio Agreement also provides that rights and obligations under commitments to invest will be transferred by the Adviser to the Trust for no consideration and that the Adviser will pay to the Trust a proportionate share of any retained fee or deposit in connection with any such commitment. The Trustees (including a majority of those Trustees who are not Affiliates or employees of the Adviser or of any of its Affiliates or otherwise interested in such commitments) have concluded that the terms thereof compare favourably with comparable available investment opportunities. In arriving at the above conclusions the Trustees have taken into account the fact that there is not a market in the customary sense for real estate investments of these types and in these amounts, and that to acquire an equivalent portfolio of investments from other investors would necessarily require payment of a premium to compensate the vendors for the loss of interest they would sustain while reinvesting the proceeds received on any such sale.

It is expected that at least 53% of the total funds to be eventually disbursed for the Initial Investments will be paid immediately upon the completion of the financings contemplated by this prospectus and at least an additional 18% thereof within three months thereafter.

Type of Property	Location	Nature of Investment(1)	Investments and Commitments (\$ thousands)	Estimated Yield*	Maturity
INVESTMENTS WHOLLY OR PARTIALLY FUNDED					
Apartment Building	Sarnia, Ont.	N.H.A. Mortgage Loan	\$ 1,216	9¼%	5 yrs.
Apartment Building	Sudbury, Ont.	N.H.A. Mortgage Loan	913	9½%	5 yrs.
Single Family Dwellings	Canada	N.H.A. Mortgage Loans	4,988	9%**	1-5 yrs.
Single Family Dwellings	Canada	Mortgage Loans	4,990	9¼%**	1-5 yrs.
Shopping Centre (2)	Edmonton, Alta.	Construction Loan	2,100	7½%	1 yr.
Shopping Centre (3)	Ottawa, Ont.	Construction Loan	4,400	7½%	1 yr.
Land Development (4)	Pickering Twp., Ont.	Mortgage Loan	2,500	9½%	4 yrs.
Apartment Building	Oshawa, Ont.	N.H.A. Mortgage Loan	2,970	9%	5 yrs.
Industrial Building	Toronto, Ont.	Mortgage Loan	190	9½%	5 yrs.
Motor Inn	North Bay, Ont.	Mortgage Loan	1,122	9½%	6 yrs.
Industrial Building	Woodstock, Ont.	Mortgage Loan	1,500	9¼%	5 yrs.
Apartment Building	Toronto, Ont.	Mortgage Loan	100	9½%	5 yrs.
Industrial Building (5)	Toronto, Ont.	Wrap-around Loan	2,250	10¼%	6 yrs.
Hotel (6)	Windsor, England	Mortgage Loan	500	9%	7 yrs.
Condominium Development (7)	Palm Beach, Florida	Mortgage Loan and Real Estate Equity Investment	1,450	8%	5 yrs.
			<u>\$31,189</u>		
COMMITMENTS TO INVEST					
Office Building	Timmins, Ont.	Mortgage Loan	\$ 245	9¼%	5 yrs.
Commercial Complex	Vancouver, B.C.	Mortgage Loan	1,500	9½%	5 yrs.
Nursing Home	Toronto, Ont.	N.H.A. Mortgage Loan	1,063	9¼%	5 yrs.
Industrial Building	Toronto, Ont.	Mortgage Loan	225	9¾%	5 yrs.
Industrial Building	Winnipeg, Man.	Mortgage Loan	275	9¼%	10 yrs.
Townhouses	Ottawa, Ont.	N.H.A. Mortgage Loan	888	9¼%	5 yrs.
Shopping Centre (8)	Toronto, Ont.	Construction Loan	3,500	8½%	5 yrs.
Hotel and Undeveloped Land (9)	Toronto, Ont.	Mortgage Loan	1,300	8½%	4 yrs.
Office Warehouse (10)	Montreal, P.Q.	Purchase Leaseback	1,100	9½%	13½ yrs.
Industrial Building	Hamilton, Ont.	Mortgage Loan	150	9¾%	5 yrs.
Industrial Building	Toronto, Ont.	Mortgage Loan	360	9¾%	5 yrs.
Industrial Building	Pickering Twp., Ont.	Mortgage Loan	147	9¾%	5 yrs.
			<u>\$10,753</u>		
			<u>\$41,942</u>		

*The weighted average yield on the total portfolio is estimated at approximately 8.77%.

**Average estimated yield, weighted according to amount of loan.

Notes:

- (1) All investments are first mortgage loans, except as otherwise noted, (subject to statutory liens or other minor encumbrances) or will be when advances are made thereon.
- (2) Shopping Centre, Edmonton, Alta.—This investment is a participation with the Adviser in a construction loan which bears interest at 1½% over the Adviser's prime commercial lending rate with a standby fee on the undrawn portion of the loan.
- (3) Shopping Centre, Ottawa, Ont.—This investment is a participation with the Adviser in a construction loan at 1½% over the Adviser's prime commercial lending rate with a standby fee on the undrawn portion of the loan.
- (4) Land Development, Pickering Twp., Ont.—This investment is a participation with a third party in a four year mortgage loan. Interest is at 3½% over the Adviser's prime commercial lending rate.
- (5) Industrial Building, Toronto, Ont.—This wrap-around loan has an interest rate of 9½% per annum and is subject to an existing mortgage of \$825,000 with an interest rate of 7% and a remaining term of 6 years. At no time will the total moneys advanced against both the wrap-around loan and the existing mortgage exceed \$2,250,000. The effective interest rate for the term of this wrap-around loan will average approximately 10¼% per annum.
- (6) Hotel, Windsor, England—This investment of \$500,000 U.S. is a participation in a loan secured by a first and fixed charge on a land lease, building and fixtures, at 2% over the London Inter-Bank rate until such time as any room rentals are earned and then at 2¼% over the Inter-Bank rate increasing thereafter in increments of ¼ of 1% every 12 months until full repayment of advances. The loan, which will fully amortize over its seven year term, includes a prepayment privilege at the end of the fifth year, subject to a penalty of 1% of the amount repaid. The estimated yield shown in the table above for this investment is net of withholding taxes, where applicable.
- (7) Condominium Development, North Palm Beach, Florida—This investment of approximately \$1,450,000 U.S. includes \$1,300,000 U.S. which is a participation in advances made by the Adviser to a Canadian corporation which has a 50% participation in the joint venture conducting the development. The advances are collaterally secured by an assignment to the Adviser of a junior mortgage held by the Canadian corporation on lands constituting part of the development and bear interest at the prime rate of a designated New York bank plus 2½%. The remaining funds of approximately \$150,000 U.S. represent a 16½% equity interest to be acquired in the Canadian corporation, which will entitle the Trust to a share of approximately 8¼% in the total profits of the development, subject to corporate income tax payable by the Canadian corporation. The estimated yield on the advances shown in the table above for this investment is net of withholding taxes, where applicable.
- (8) Shopping Centre, Toronto, Ont.—This commitment is a participation with the Adviser and others in a construction loan (with standing loan provisions) at 2½% over the Adviser's prime commercial lending rate, in total not to exceed 10½% for the first three years. In addition, the lenders will be entitled to a standby fee on the undrawn portion of the loan. Construction is expected to commence in the near future and funds will be advanced over the next 2½ years.
- (9) Hotel and Undeveloped Land, Toronto, Ont.—This mortgage loan at 2½% over the Adviser's prime commercial lending rate is on property subject to an existing mortgage of \$1,000,000.
- (10) Office Warehouse, Montreal, P.Q.—Under the terms of the purchase leaseback agreement, the Trust will be required upon completion of construction and after certain conditions have been satisfied to pay up to a maximum of \$1,100,000 for the land and buildings. In turn the property will be leased back to the vendor on a net lease basis for a period of 13½ years. The lessee will have the right to repurchase the property 60 months from the date of purchase and then annually thereafter including the date of the final lease payment for a consideration which will provide the Trust with a bonus of approximately 2¼% of the original purchase price.

FINANCING

The Trust plans to engage in borrowing with a view to increasing its funds available for investment but only to the extent that the Trustees are satisfied that such borrowings and additional investments will increase the overall profitability of the Trust. Having in mind the nature and expected maturities of the Trust's assets, the Trustees plan to maintain an appropriate mix of borrowings from banks, the commercial paper market and institutional investors and other long-term lenders. Borrowings may call for fixed or floating rates of interest, payable in Canadian or foreign funds.

The Declaration of Trust authorizes the Trustees and the by-laws of the Company authorize the Directors to borrow money and for this purpose to issue or pledge or hypothecate notes, debentures, bonds or any other type of debt obligation, including commercial paper. The Trust may also issue and sell additional Trust Units and warrants to purchase Trust Units, and the Trust and the Company may issue debt securities convertible into Trust Units. Such issues could, under certain circumstances, have the effect of diluting the beneficial interests of the holders of Trust Units. It is the intention of the Trustees that to the extent that the Trust requires borrowed funds for its investment program it will obtain the same from the Company which will borrow money for the purpose of lending the same to the Trust. All borrowings of the Company will be guaranteed by the Trust and the assets of the Trust may be charged as security for certain of such guarantees as well as for borrowings by the Company.

The Trust and the Company have entered into an agreement dated as of September 6, 1972 as amended as of September 20, 1972 (the "Financing Agreement") under which the Company has agreed that during the term of such agreement it will from time to time when requested by the Trust: (a) use its best efforts to borrow money at the most advantageous rates available, whether by short-term borrowings from its bankers or others or by medium or long-term debt through private placements or by the issue to the public of its debt instruments, all upon such terms and conditions as the Trust may designate at the time of any such request; and (b) lend to the Trust the moneys so borrowed by the Company (or the net proceeds thereof in the case that such borrowing by the Company requires it to pay any commission or incur any other expenses) upon terms and conditions substantially similar to the terms and conditions upon which the said moneys shall have been borrowed by the Company so that the payment of interest and repayment of principal by the Trust to the Company of the moneys loaned by the Company will be sufficient to enable the Company to repay the moneys borrowed by it for the purpose of such loans to the Trust. The Company has also covenanted in the Financing Agreement that it will not incur any indebtedness for money borrowed except as so requested by the Trust, and that it will pledge as security for the payment of the indebtedness incurred by the Company the evidence of the corresponding indebtedness by the Trust to the Company.

In consideration of the foregoing undertakings by the Company, the Trust has agreed that it will unconditionally and jointly and severally guarantee (subordinated where appropriate) all indebtedness to be incurred by the Company as aforesaid and that it will pay to the Company in each calendar year the sum of \$10,000 plus an amount equal to substantially all expenses of the Company in connection with borrowing money and lending the same to the Trust, and certain other expenses of the Company but not including interest expenses, income taxes or remuneration of directors, officers and employees of the Company, together with additional interest at the rate of 1/100 of 1% per annum on the average principal amount of all indebtedness of the Trust to the Company outstanding during such calendar year, calculated on a daily basis.

RISK FACTORS

Unitholder Liability

The Declaration of Trust provides that any written instrument creating an obligation of the Trust shall contain a provision to the effect that such obligation is not binding upon any of the holders of the Trust Units personally. In the opinion of counsel, no personal liability will attach in Canada to the holders of Trust Units for contract claims under any written instrument containing such provision. **There is a risk that a holder of a Trust Unit will be held personally liable for obligations of the Trust to the extent that claims are not satisfied by the Trust in respect of contract claims against the Trust where the liability is not disavowed as described above, and in respect of claims against the Trust that do not arise under contracts, including claims for taxes and possibly certain other statutory liabilities. It is considered that the risk of any liability of this nature arising is minimal in view of the large equity in the Trust and the nature of its activities being such that most of its potential obligations arise by con-**

tract where personal liability can be disavowed and that non-contractual potential obligations are largely insurable. However, upon payment of any such obligation the holder of a Trust Unit will be entitled to reimbursement from the available assets of the Trust. The Trust intends to carry insurance which the Trustees consider adequate to cover any foreseeable non-contractual liability, to the extent such insurance is available at reasonable rates. The Trustees intend to conduct the operations of the Trust, with the advice of counsel, in such a way and in such jurisdictions as to avoid, as far as possible, any material risk of ultimate liability on the holders of Trust Units for claims against the Trust.

Investment Risks

The types of investments proposed to be made by the Trust are subject to varying degrees of risk. Except in the case of N.H.A. mortgage loans, the mortgage loans in which the Trust intends to invest will not usually be insured or guaranteed. If default on a loan occurs, it may be necessary for the Trust to foreclose its mortgage or engage in negotiations which, in either case, may involve further outlays, including payments in respect of prior ranking charges such as mechanics' liens, materialmen's liens and government liens, to protect the Trust's investment.

In some types of investments, such as gap financing loans, other second mortgage loans and real estate equity investments, where the Trust's investments are subordinate to liens of other investors, it may become necessary to make payments in order to maintain the status of such prior liens or to discharge them entirely. In certain cases, first mortgage loans may be made by the Trust in excess of 75% of the value of the property mortgaged without either insurance on such excess or government guarantee covering repayment. It is possible that the total amount which is recovered by the Trust in such cases may be less than its total investment, with resultant losses to the Trust.

Construction and development mortgage loans are subject to risk because the ability of the borrower to complete the construction project and repay the loan may be affected by a number of factors, including the borrower's ability to control costs and to conform to plans, specifications and time schedules, which will depend upon his management and financial capabilities and which may also be affected by strikes, adverse weather and other conditions beyond his control.

Conflicting Interests

Real estate investment activities of the Adviser will parallel those of the Trust in some of its investments and therefore, to a certain extent, the Adviser will be engaged in competition with the Trust for available investment opportunities. The Advisory Contract contains provisions, detailed under that heading, which are designed to protect the Trust and holders of the Trust Units against potential conflicts of interest of this nature.

The Trust may from time to time make investments in which persons, firms or corporations dealing with the Adviser or its Affiliates may be interested. The transactions with the Adviser or its Affiliates may be considered not to be at arm's-length, and from time to time one or more of the Trustees and officers of the Trust may be interested in transactions with the Trust. The Declaration of Trust contains provisions designed to protect the Trust and the holders of the Trust Units where such interests might conflict with the interests of the Trust. Such provisions are dealt with under "Initial Investments", "Advisory Contract" and "The Trustees and the Investment Committee".

The Trust plans to engage in borrowing with a view to increasing its funds available for investment but only to the extent that the Trustees are satisfied that such borrowings and additional investments will increase the overall profitability of the Trust. See "Financing".

THE ADVISER

The Adviser provides a full range of banking services in Canada and also operates extensively outside Canada. For the purposes of conducting its banking operations the Adviser directly or through a wholly-owned subsidiary owns or leases in excess of 800 banking premises in Canada and overseas. In conjunction with others the Adviser owns a significant interest in and has assumed responsibility for the management of a number of large commercial developments located in major Canadian cities, most of which were

developed to provide competitive banking facilities for the Adviser. The Adviser is active in the financing of a wide variety of real estate projects and as at the end of April, 1972, supervised for its own account and the account of others outstanding or committed construction loans and development loans aggregating approximately \$235,000,000 and outstanding or committed N.H.A. and conventional mortgages aggregating approximately \$575,000,000. The mortgage records of the Adviser are entirely computerized.

Real estate investment opportunities will be generated by the Adviser for the Trust in the same manner that such investment opportunities are produced by the Adviser for its own account and for the account of others to whom it renders investment advice.

The Trust may purchase property from, sell property to, make loans to, obtain loans from, make investments in and engage in other transactions with, the Adviser or any Affiliate of the Adviser. However, as stated under "Conflicting Interests", the Declaration of Trust contains provisions designed to protect against such situations.

ADVISORY CONTRACT

The Advisory Contract is being entered into for an initial term expiring April 30, 1975 and will thereafter be automatically renewed from year to year, provided that any renewal of, or any material change in, the Advisory Contract shall only be effective until the next annual meeting of the holders of the Trust Units unless it is confirmed thereat. The Advisory Contract provides that the Trustees, with the approval of the holders of the Trust Units, may terminate the same on not less than 60 days written notice; that the Advisory Contract may not be terminated by the Adviser during its term; and that the Adviser must give at least six months written notice of its intention not to renew the Advisory Contract. No such termination or non-renewal will result in any penalty or other fee. The Advisory Contract will not be assignable by either party thereto without the consent of the other. If for any reason the Advisory Contract is terminated, the Trust and the Company and each subsidiary of either of them must promptly change its name to one which does not include the letters "TD" or any words, letters or symbols similar thereto.

The Adviser will continue to be engaged in real estate investment activities for its own account and expects to continue to act as investment adviser to its customers and others. The Adviser is undertaking to use its best efforts to present and recommend to the Trust a continuing and suitable investment program consistent with the investment policies and objectives of the Trust and to provide advice with respect to changes in such policies and objectives. While the Adviser has no obligation to present to the Trust any particular investment opportunity, it is under an obligation to act on a basis which is fair and reasonable to the Trust in selecting the investment opportunities it presents to it. The Advisory Contract expressly relieves the Adviser from the obligation of submitting to the Trust opportunities to acquire ownership interests in properties with which the Adviser is or is expected to be associated as one of the principal occupants. The Adviser has agreed that it will, from time to time when requested to do so by the Trustees, promptly furnish the Trustees with all relevant information on a confidential basis as to each investment in excess of \$1,000,000 within the Trust's investment policies made by the Adviser or any subsidiary of the Adviser for its own account and as to any such investments furnished by the Adviser or any subsidiary of the Adviser to others. The Adviser has also agreed that if the holders of the Trust Units at a meeting so request, it will provide the same information to the auditors of the Trust. Provided that where the Adviser in good faith believes that the furnishing of any such information might constitute a breach of the Adviser's confidential relations with its customers, the Adviser may withhold such confidential information if the Trustees, including a majority of the Trustees who are not Affiliates or employees of the Adviser or of any of its Affiliates, or, as the case may be, the auditors of the Trust, are satisfied that such information is not essential for the purpose of ascertaining that the Adviser is acting on a fair and reasonable basis.

The Advisory Contract provides, in effect, that, subject to the continuing and exclusive authority of the Trustees over the management of the Trust, the Adviser will, inter alia: (a) serve as the investment and financial adviser of the Trust (including assisting the Trust in formulating and modifying its investment policies); (b) use its best efforts to present to the Trust investment opportunities consistent with its investment program; (c) furnish and supervise the performance of such clerical functions in connection with the administration of the Trust as may be agreed upon by the Adviser and the Trustees; (d) provide office space and office equipment, and necessary personnel for the performance of the foregoing services; and (e)

make periodic reports to the Trustees of its performance of the foregoing services. In addition, the Adviser will obtain for the Trust, at the Trust's expense, such services as may be required for mortgage servicing, construction and development loan disbursements and other activities relating to the investment portfolio.

Advisory Fee

The Advisory Contract provides that the Adviser is to receive as its compensation: (a) a monthly fee of $\frac{1}{12}$ of 1% of the Value of Invested Assets of the Trust at the end of the preceding calendar month; and (b) in respect of any guarantee by the Trust of the indebtedness of any other party, except the Company, and of any unfunded commitments, for which a standby fee is payable, issued by the Trust, a fee of $\frac{1}{12}$ th of 1% of the amount guaranteed and of the amount of such unfunded commitment or, in either case, 25% of the fee received by the Trust in respect of each month as consideration for making such guarantee or commitment, whichever is the lesser. Notwithstanding the above, no fee will be payable to the Adviser in respect of any standby commitment relating to the long-term financing of property on which the Trust has provided the construction loan. In addition, if the Trust collects from any proposed borrower a fee or deposit in connection with the commitment for a loan, and such fee or deposit is forfeited to or retained by the Trust, the Adviser will be entitled to 25% of the amount thereof. "Value of Invested Assets" is defined to mean, in effect, the cost of all assets of the Trust before deducting depreciation but excluding cash, cash items and short-term marketable securities, calculated as at the end of each calendar month on a basis consistently applied.

Service Fee

If the Adviser performs services for the Trust other than those specifically required to be performed by it under the Advisory Contract, such services will be compensated for separately on a basis at least as favourable to the Trust as fees then generally charged by the Adviser to others who are not affiliated with the Adviser.

The monthly service fees payable by the Trust to the Adviser in respect of residential home-owner mortgages to be serviced by the Adviser will initially be calculated at a rate of $\frac{3}{8}$ of 1% per annum on the balance of the outstanding principal amounts of such mortgages at the end of each month. The monthly service fees to be payable by the Trust to the Adviser in respect of residential rental, commercial and industrial mortgages, and construction and development mortgages to be serviced by the Adviser will be negotiated at the time of purchase of each such mortgage. These fees normally will be in the range of $\frac{1}{10}$ to $\frac{1}{8}$ of 1% per annum on the balance of the outstanding principal amounts of such mortgages at the end of each month.

Custodial Services

The Adviser will, without additional charge, keep the securities and other documents evidencing the investments of the Trust in its custody at its principal office in the Toronto-Dominion Centre, Toronto, provided that mortgage and related documents may be held by a branch of the Adviser situate in the jurisdiction in which the subject realty is located.

Expenses

The Adviser will be responsible for employment expenses of its personnel, advertising expenses incurred in seeking investments, rent and other office expenses, expenses of Trustees, officers, and employees of the Trust who are officers or employees of the Adviser or of an Affiliate of the Adviser (except expenses incurred in attending Trustees' meetings), and miscellaneous administrative expenses relating to the performance of its functions under the Advisory Contract.

In addition to the advisory and service fees to be paid to the Adviser, the Trust will pay all its expenses, other than expenses assumed by the Adviser, including the following: (a) interest and other costs of borrowed money; (b) taxes and assessments on real property and income, if applicable; (c) fees and expenses of lawyers, accountants, appraisers, and other agents or consultants employed by or on behalf of the Trust; (d) fees and expenses of the Trustees and officers of the Trust who are not officers or employees of the Adviser or of an Affiliate of the Adviser; (e) fees (including finder's fees to persons other than the Adviser or its Affiliates where appropriate) and expenses in connection with the acquisition, disposition and ownership

of investments; (f) expenses of maintaining real estate equity interests; (g) expenses of servicing mortgages; (h) insurance as required (including liability insurance for Trustees and holders of Trust Units); (i) expenses in connection with payments of dividends, interest or other distributions on securities of the Trust; (j) expenses in connection with communications to holders of Trust Units and the other bookkeeping and clerical work necessary in maintaining relations with holders of Trust Units; (k) the cost of any accounting, statistical or bookkeeping equipment necessary for the maintenance of the books and records of the Trust; (l) expenses of organizing, changing or terminating the Trust; and (m) transfer agent, registrar, indenture trustee and other trustee fees, issuance and listing expenses and other charges in connection with the securities of the Trust. Under the Financing Agreement, the Trust will also be responsible for the payment of substantially all the expenses of the Company in connection with borrowing money and lending the same to the Trust, and certain other expenses of the Company but not including interest expenses, income taxes or remuneration of directors, officers and employees of the Company.

Limitation on Expenses

The Advisory Contract provides that the Expenses paid or incurred by the Trust during any fiscal year may not exceed the greater of: (a) $1\frac{1}{2}\%$ of the average Value of Net Assets of the Trust (on a quarterly basis); or (b) 25% of the net income of the Trust for such fiscal year excluding provision for amortization and depreciation and capital gains and losses and extraordinary income and expense and before deducting advisory fees; provided that in no event may the aggregate Expenses paid or incurred by the Trust in respect of such fiscal year exceed $1\frac{1}{2}\%$ of the average Value of Invested Assets of the Trust (on a quarterly basis). "Expenses" are defined to mean, in effect, expenses of every character paid or incurred by the Trust, excluding interest, taxes, expenses in connection with the issuance of securities, relations with holders of Trust Units and acquisition, operation, maintenance, protection and disposition of real property, other than mortgages and loans, but including advisory fees and mortgage servicing fees and all other expenses. "Value of Net Assets" is defined to mean, in effect, the Value of Invested Assets (as defined above) less the total liabilities of the Trust, calculated quarterly on a basis consistently applied. The Advisory Contract provides that the Adviser will reimburse the Trust annually for the amount by which the Expenses paid or incurred by the Trust in respect of each fiscal year exceed the maximum.

The Advisory Contract also provides that, if the Ontario Securities Commission shall approve or authorize any variation in the determination of the maximum amount of Expenses which may be paid or incurred without requiring reimbursement, the foregoing provisions of the Advisory Contract will be deemed to be amended accordingly.

With respect to loan transactions, whether secured or unsecured, neither the Adviser nor any of its Affiliates is entitled to receive any fees or benefits other than the advisory fee referred to under that heading, provided that this prohibition will not prevent the Trust from entering into banking transactions with the Adviser.

MANAGEMENT

The Trustees and the Investment Committee

The assets and operations of the Trust will be subject to the control and authority of not more than 15 nor less than seven Trustees. Meetings of the holders of Trust Units will be held annually for the election of Trustees and a vacancy occurring amongst the Trustees may be filled at a meeting of the remaining Trustees or by the holders of Trust Units at a meeting called for the purpose. The Trustees have appointed an Investment Committee with power to pass upon all investments or dispositions of investments.

The Declaration of Trust contains provisions to the following effect with respect to the qualifications of Trustees and the members of the Investment Committee: (a) a majority of the Trustees must be Canadian citizens resident in Canada; (b) a majority of the Trustees must not be Affiliates or employees of the Adviser or its Affiliates; and (c) a majority of the Trustees and at least 75% of the members of the Investment Committee must have had at least five years substantial experience in the real estate financing field and must reflect experience consistent with the investment objectives of the Trust.

At each meeting of the Trustees, a majority of those whose presence is required in order to constitute a quorum must not be Affiliates or employees of the Adviser or its Affiliates, and in any case where the Trustees vote upon an investment, a majority of those voting must not be Affiliates or employees of the Adviser or its Affiliates and at least 75% of those voting must have had the experience in the real estate financing field referred to under (c) in the preceding paragraph. Similarly, a majority of the members of the Investment Committee passing upon any investment must not be Affiliates or employees of the Adviser or its Affiliates.

It is provided in the Declaration of Trust that each of the Trustees and officers of the Trust is subject to the standard of care and has the duties imposed on a director or officer, as the case may be, of a company incorporated under The Business Corporations Act of Ontario, will exercise the powers and discharge the duties of his office honestly, in good faith and in the best interests of the Trust and in connection therewith will exercise that degree of care, diligence and skill that a reasonably prudent person of his experience would exercise in comparable circumstances. As provided in the Declaration of Trust, if a Trustee is interested, directly or indirectly, in any transaction or proposed transaction to which the Trust is a party, such Trustee will declare his interest and refrain from voting thereon.

The Advisory Contract provides, in effect, that before recommending an investment for the Trust, the Adviser will satisfy itself as to the fair market value of the real estate securing such investment or in which the investment is being made, and where the investment is not based upon the underlying security, the Adviser will satisfy itself as to the reasonableness of the investment. In the case of any transaction recommended to the Trust (other than with respect to an N.H.A. mortgage loan) where the Adviser is or expects to be directly or indirectly interested therein (apart from its fee as Adviser) or where the investment involved amounts to more than 5% of the Equity Capital, an independent appraisal or opinion will be obtained from a properly qualified person or company.

The Declaration of Trust provides, in effect, that prior to each annual meeting of the holders of the Trust Units, the Trustees will provide such holders with a report as at the end of the preceding fiscal year on the adequacy of the underlying security for the investments of the Trust and any aggregate reduction below book value in the fair market value of the real estate held by the Trust.

Trustees, Directors and Officers

The names and home addresses of the Trustees and officers of the Trust, the offices held by each and the principal occupation of each are as follows:

<u>Name and Address</u>	<u>Position</u>	<u>Principal Occupation</u>
<i>Trustees and Officers</i>		
Harold Clark Bentall, 2194 S.W. Marine Drive, Vancouver, British Columbia.	Trustee	President, The Dominion Construction Company Limited
Philip Henry Davies, 3940 Côte des Neiges Road, Montreal, Quebec.	Trustee	General Manager, Investment Division, Canadian National Railway Company
Allen Ephraim Diamond, 11 Dempsey Crescent, Willowdale, Ontario.	Trustee	President, Cadillac Development Corporation Limited
Gordon Cecil Gray, 46 Saintfield Avenue, Don Mills, Ontario.	Trustee	President, A. E. LePage Limited
Alan Bond Hockin, 110 Roxborough Drive, Toronto, Ontario.	Vice-President and Trustee	Deputy Chief General Manager, the Adviser

<u>Name and Address</u>	<u>Position</u>	<u>Principal Occupation</u>
Frederick Arthur Meredith Huycke, Q.C., 39 Rosedale Heights Drive, Toronto, Ontario.	Trustee	Partner, Osler, Hoskin & Harcourt, Barristers and Solicitors
Charles Patrick Keeley, 23 Rosedale Road, Toronto, Ontario.	Trustee	Vice-Chairman, McLeod, Young, Weir & Company Limited
Robert Willem Korthals, 10 Wychwood Park, Toronto, Ontario.	Vice-President and Trustee	General Manager, the Adviser
William Charles Poole, 19 Sutcliffe Drive, Willowdale, Ontario.	Vice-President and Trustee	Assistant General Manager, the Adviser
David Anthony Bedford Steel, 279 Russell Hill Road, Toronto, Ontario.	Trustee	Partner, Borden, Elliot, Kelley & Palmer, Barristers and Solicitors
Richard Murray Thomson, 69 Dawlish Avenue, Toronto, Ontario.	President and Trustee	Vice-President and Chief General Manager and Director, the Adviser
Charles Lawrence Townend, 112 Strath Avenue, Toronto, Ontario.	Vice-President, General Manager and Trustee	Assistant General Manager, the Adviser
Neil Roderick Wood, 56 Douglas Drive, Toronto, Ontario.	Trustee	President, The Fairview Corporation Limited
<i>Officers</i>		
Thomas James Brown, 209 Cassandra Boulevard, Don Mills, Ontario.	Assistant Vice-President	Superintendent, the Adviser
Robert MacDonald Keller, 15 Ballyronan Road, Don Mills, Ontario.	Assistant Vice-President	Superintendent, the Adviser
Thomas Gerald O'Connor, 2528 Bloor Street West, Toronto, Ontario.	Secretary	Assistant Secretary, the Adviser
Norman Richard Roth, 63 Hobart Drive, Willowdale, Ontario.	Treasurer	Comptroller, the Adviser
Ronald Errick Ruest, 200 Balliol Street, Toronto, Ontario.	Assistant Treasurer	Chief Accountant, the Adviser
Bruce Kevin Sterns, 400 Palmerston Boulevard, Toronto, Ontario.	Assistant Treasurer	Assistant Chief Accountant, the Adviser
Stephen Roland Wilson, 94 Crescent Road, Toronto, Ontario.	Assistant Vice-President	Supervisor, the Adviser
John Stuart Wilton, 31 Whittaker Crescent, Willowdale, Ontario.	Assistant Treasurer	Deputy Chief Accountant, the Adviser

The following are the Directors and officers of the Company: R. M. Thomson, President and Director; R. W. Korthals, Vice-President and Director; A. B. Hockin, Director; C. P. Keeley, Director; M. B. C. Davies, Director; T. G. O'Connor, Secretary and Director; R. E. Ruest, Treasurer; B. K. Sterns, Assistant Treasurer; and J. S. Wilton, Assistant Treasurer. There are set out above the names, home addresses and principal occupations of each of the foregoing other than Michael Bruce Cook Davies, 600 Lonsdale Road, Toronto, Ontario who is a member of the corporate finance department of the Underwriter.

Each of the Trustees and Directors is a Canadian citizen resident in Canada and during the last five years all of the Trustees, Directors and officers have been associated in various capacities with the companies or firms, including affiliates and predecessors, indicated under "Principal Occupation", except as follows. From April 1967 to December 1969, Mr. Hockin was Assistant Deputy Minister of Finance, Government of Canada, and between January 1970 and May 1971, he was employed by Morgan Stanley & Co. Incorporated, New York. Prior to September 1968, Mr. Keller was employed by the Manufacturers Life Insurance Company. Prior to October 1970, Mr. O'Connor was legal secretary for the Metropolitan Toronto Board of Trade. Prior to November 1970, Mr. Sterns was employed by McDonald, Currie & Co. From August 1967 to June 1969, Mr. Wilson attended the Graduate School of Business, Stanford University, California, and between July 1969 and October 1971, he was employed by Price Waterhouse & Co. Prior to December 1967, Mr. Wilton was employed as comptroller of Technomation Canada Limited. Prior to February 1970, Mr. M. B. C. Davies was an officer of a Canadian chartered bank other than the Adviser.

Investment Committee

The Investment Committee consists of Messrs. Gray, Huycke and Wood who are not Affiliates or employees of the Adviser or of Affiliates of the Adviser and Messrs. Korthals and Thomson, who are officers and/or directors of the Adviser. The Trustees have designated each of the other Trustees as alternate members of the Investment Committee.

Remuneration

It is estimated that the aggregate remuneration to be paid to the Trustees, as Trustees, who are not officers or employees of the Adviser, will be approximately \$35,000 per annum, all paid by the Trust. It is expected that the remaining Trustees will receive no compensation from the Trust or the Company. It is also expected that none of the officers of the Trust and none of the Directors and officers of the Company, as such, will receive any remuneration from the Trust or the Company.

Management Interests

Upon completion of the financings contemplated by this prospectus, the Adviser will be the owner, beneficially and of record, of approximately 11.1% of the 1,800,000 Trust Units to be outstanding. Each of Messrs. Bentall, Brown, Hockin, Keller, Korthals, O'Connor, Poole, Roth, Ruest, Sterns, Thomson, Townend, Wilson and Wilton, described above, is a director, officer, employee or shareholder of the Adviser and as such has an interest in the Initial Portfolio Agreement, the Advisory Contract, and the TDRI Limited Share Agreement referred to under "The Company", and the Subscriptions described under "General".

Mr. Keeley is a director, officer and shareholder and Mr. Davies is an employee and shareholder of the Underwriter and as such they have an interest in the agreement referred to under "Underwriting" and the TDRI Limited Share Agreement. Mr. Bentall is a director, officer and shareholder of the company which is the prime contractor for the construction of the commercial complex in Vancouver, B.C., shown under "Initial Investments". Mr. Gray is a director, officer and shareholder of a company which has a 50% equity interest in the project located in Palm Beach, Florida, shown under "Initial Investments". Messrs. Huycke and Steel are partners of Messrs. Osler, Hoskin & Harcourt and Messrs. Borden, Elliot, Kelley & Palmer, respectively, each of which law firms may receive compensation from time to time for legal services rendered to the Trust or the Company.

From time to time, the Trustees and officers of the Trust, the Adviser, and the directors and officers of the Company, the Adviser and the Underwriter may invest in, and the Adviser and the Underwriter may deal in, securities of the Trust or the Company, including the Units and the Debentures. The Trust may share investments on occasion with Trustees or their Affiliates.

THE COMPANY

The Adviser and the Underwriter each hold one half of the 2,500 outstanding shares of the Company. Pursuant to an agreement dated as of September 20, 1972 (the "TDRI Limited Share Agreement"), the Adviser and the Underwriter have agreed with the Trust that upon the termination, for any reason, of either the Advisory Contract or the Financing Agreement, they will, upon the demand of the Trust, transfer to it or to its nominees all of the shares of the Company at net book value.

The earnings of the Company for the past five years are set out in note 1 to the balance sheets of the Company forming part of this prospectus. As stated in that note, such earnings relate to the activities of the Company prior to its reorganization in June, 1972 and are not to be considered as being in any way representative of earnings expected for future periods.

The funds of the Company derived from the issue of its shares are and will continue to be invested in short-term securities until the Trust commences to borrow money for its investment program at which time these funds will be loaned to the Trust on terms competitive with those available to it from other sources.

UNDERWRITING

Under an agreement dated September 20, 1972 (the "Underwriting Agreement") between the Trust, the Company and the Underwriter:

- (a) the Company has agreed to issue and sell to the Underwriter \$35,000,000 principal amount of its Debentures at a price equal to 95.875% of the principal amount thereof and to purchase and pay for the \$35,000,000 Note of the Trust at the principal amount thereof;
- (b) the Trust has agreed to issue and sell to the Underwriter 1,600,000 Units (each consisting of one Trust Unit and one Warrant) at the price of \$23.4375 per Unit, to issue and sell to the Company its Note as provided in (a) above and to assume the discount on the sale of the Debentures; and
- (c) the Underwriter has agreed to take up and pay for the Debentures and Units at the said prices against delivery on October 12, 1972 of the certificates in interim form for the Trust Units and in definitive form for the Debentures, the whole subject to the terms and conditions set out in the Underwriting Agreement and compliance with necessary legal formalities.

The obligation of the Underwriter to take up the Units and the Debentures may be terminated at its option on notice given as provided in the Underwriting Agreement on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriter is however obligated to take up and pay for all the Units and Debentures if any of the Units or Debentures are acquired.

CAPITALIZATION

	<u>Authorized</u>	<u>Outstanding as at September 6, 1972</u>	<u>Outstanding as at September 6, 1972 after giving effect to the issues described under "Underwriting"</u>
TD Realty Investments			
DEBT			
1972 Participating Subordinated Note.....	\$35,000,000	—	\$35,000,000
EQUITY			
Trust Units.....	12,000,000 units	200,000 units (\$5,000,000)	1,800,000 units (\$40,856,250)
TDRI Limited			
DEBT			
Convertible Participating Subordinated Debentures 1972 Series.....	\$35,000,000	—	\$35,000,000
EQUITY			
Capital Stock.....	2,500 shs.	2,500 shs. (\$250,000)	2,500 shs. (\$250,000)

Note: 900,000 Trust Units are reserved for exercise of warrants and 1,400,000 Trust Units are reserved for conversion of the Debentures.

TAX STATUS

In the opinion of counsel, so long as the Trust continues to qualify as a “unit trust” under the Income Tax Act, the liability for income tax, under existing federal legislation, will be as described below.

The Trust

To the extent that the net income of the Trust and the taxable portion of its net capital gains, if any, for each fiscal year are paid or payable in such year to holders of Trust Units, the Trust itself will not be liable for tax thereon. To the extent that the Trust retains any such income or gains, it will be subject to tax at applicable rates, except to the extent that such gains may be retained without liability for tax by reason of capital losses sustained in prior years. The interest paid by the Trust on the Note will be deductible in computing its income for tax purposes.

Holders of Trust Units

Holders of Trust Units will be required to include in their income that portion of the net income of the Trust and the taxable portion (normally one-half) of its net capital gains, if any, paid or payable to them by the Trust on the same basis as if they had received such income and capital gains directly. As required by law, holders of Trust Units will receive annually information necessary to complete their tax returns.

Holders of Warrants

Since the warrants (the “Warrants”) included in the Units are being issued under the Underwriting Agreement for no consideration, each purchaser of a Unit who purchases for purposes of investment will, if taxable as an investor, realize on the sale of any Warrant a taxable capital gain equal to the sale price of such Warrant. The purchaser of a Unit will not be liable for tax by reason of his exercise of the subscription right contained in a Warrant.

The Company

The interest paid by the Company on the Debentures will be deductible in computing its income for tax purposes.

Holders of Debentures

Both the fixed and participating interest received by the Debentureholders will be interest income in the hands of the recipients and, as such, subject to tax where applicable.

Each holder of a Debenture who purchases for investment purposes will, if taxable, realize a taxable capital gain or allowable capital loss on the conversion of a Debenture into Trust Units to the extent that on the date of conversion the aggregate market price of the Trust Units issued on such conversion is more or less than the price paid by such holder for the Debenture being converted.

DESCRIPTION OF TRUST UNITS

Distributions

It is the intention of the Trustees that substantially all of the income of the Trust which would otherwise be subject to tax in its hands will be distributed annually by way of quarterly dividends, with the final dividend declared in each fiscal year to be payable to holders of Trust Units of record on the last business day prior to the end of such year. It is also expected that in each fiscal year of the Trust, when its operations have resulted in a net capital gain, substantially all the taxable portion thereof will be distributed by way of a dividend payable to holders of Trust Units of record at a date prior to the end of such year except in the case where such gain may be retained by the Trust without liability for tax by reason of a net capital loss incurred during the preceding year or years. The undistributed portion of net capital gains will be reinvested. The Trustees will not declare or pay any dividend which would impair the ability of the Trust to repay loans or meet its other commitments as and when the same become due.

Issue and Transfer

The Declaration of Trust provides that no Trust Units shall be issued otherwise than as fully-paid and non-assessable.

The Trust Units are transferable at any time and from time to time by endorsement and delivery of the certificates representing such Trust Units in substantially the same manner as the shares of a company

incorporated under The Business Corporations Act of Ontario. Upon surrender of the duly endorsed Trust Unit certificate to the Transfer Agent at any of its offices designated for this purpose and payment of the appropriate stock transfer tax, if any, a new certificate or certificates for the same number of Trust Units will be issued to or in accordance with the instructions of the transferee. Neither the Trust nor the Trustees shall be bound to recognize any transferee of a Trust Unit as the holder thereof until the certificate representing the same, duly endorsed, has been surrendered to the Transfer Agent, as aforesaid, and such transferee has been entered as the holder of the Trust Unit or Trust Units represented by such certificate in the registers to be maintained by said Transfer Agent.

Voting Rights

At all meetings of the holders of Trust Units each holder thereof shall be entitled to one vote in respect of each Trust Unit held, provided that meetings of holders of Trust Units shall only be called and held for the election or appointment of the Trustees, the appointment of auditors and to instruct the auditors of the Trust to conduct an investigation for the purpose of ascertaining if the Adviser is acting towards the Trust on a fair and reasonable basis as provided in the Advisory Contract, and to approve or confirm actions of the Trustees in respect of the enactment of by-laws, the Advisory Contract, the appointment of a new Adviser, the consolidation or subdivision of the Trust Units, the issue of Trust Units in excess of the initial limit referred to below, the amendment of the Declaration of Trust, the transfer of the property of the Trust as an entirety, or the termination of the trust created by the Declaration of Trust. Meetings of holders of Trust Units shall be called and held annually for the election of Trustees, the appointment of auditors and the confirmation of the Advisory Contract. Holders of Trust Units will be entitled to receive, prior to such meeting, the same information, so near as may be and to the same extent, provided to the shareholders of a public offering company subject to The Business Corporations Act. Holders of Trust Units may attend and vote at all meetings of the holders of Trust Units either in person or by proxy and a proxy need not be the holder of a Trust Unit.

The holders of not less than 20% of the outstanding Trust Units are entitled to require the calling of a meeting of the holders of Trust Units for one or more of the foregoing purposes, provided that the holders of not less than 5% of the outstanding Trust Units are entitled to require the calling of such a meeting to instruct the auditors to conduct the investigation referred to above.

Additional Trust Units

The number of Trust Units authorized to be issued under the Declaration of Trust is limited to 12,000,000. With the consent of the holders of the Trust Units at a meeting, the Trustees may from time to time cause the Trust Units to be subdivided or consolidated or increase the number of Trust Units to be issued. 900,000 Trust Units will be reserved for issue upon the exercise of warrants and 1,400,000 Trust Units will be reserved for issue upon conversion of the Debentures. Trust Units, in addition to the Trust Units so reserved for issue, may be issued from time to time at the discretion of the Trustees for such consideration as the Trustees may deem appropriate. Under the Declaration of Trust, the beneficial interest provided for therein will be divided into Trust Units with each Trust Unit representing an equal interest pro rata with all other outstanding Trust Units. The Declaration of Trust provides that no other securities constituting a beneficial interest thereunder will be issued.

Right to Inspect Records

The Declaration of Trust provides, in effect, that the registered holder of a Trust Unit will have the right to obtain a copy of the Declaration of Trust and the same right to inspect the other records of the Trust as is permitted shareholders of a public offering company subject to The Business Corporations Act of Ontario.

Amendment and Termination

The Declaration of Trust and the rights of the holders of the Trust Units thereunder may be amended or altered from time to time (except as to limitations of personal liability of the holders of the Trust Units and Trustees and the prohibitions against assessments upon the holders of Trust Units); the property of the Trust as an entirety or substantially as an entirety may be transferred; and the trust thereby created may be terminated; in each case if so determined by the Trustees and approved by at least two-thirds of the votes cast at a meeting of the holders of the Trust Units called for the purpose.

In addition to the foregoing, the Trustees are authorized by the Declaration of Trust from time to time to amend or alter the provisions of the Declaration of Trust without any vote or other approval of the holders of the Trust Units if such amendment or alteration is made to provide added protection for the holders of the Trust Units or to make minor corrections which are not, in the opinion of the Trustees, prejudicial to the holders of the Trust Units.

Unless earlier terminated in accordance with the terms thereof, the Trust will continue in operation until the expiration of 20 years and 200 days after the death of the last survivor of the persons named for that purpose in the Declaration of Trust. Each holder of a Trust Unit will be entitled to receive his pro rata portion of the net assets of the Trust realized upon termination.

Investment in Trust Units by Trusts, Etc., Governed by Deferred Income Plans

As a result of the restriction on "foreign property" which may be acquired or held by the Trust described in (c) under "Fundamental Restrictions", the Trust Units will not, in the opinion of counsel, be "foreign property" as that term is defined in the Income Tax Act of Canada and regulations thereunder for the purposes of investments by a registered pension fund or plan, a registered retirement savings plan, or deferred profit sharing plan.

DESCRIPTION OF WARRANTS

Warrants will be issued in bearer form under an indenture (the "Warrant Indenture") to be made as of October 10, 1972 between the Trust and Canada Permanent Trust Company, as trustee, and will be mailed by registered mail to each registered holder of Trust Units of record at the close of business on August 14, 1973 or such earlier date as may be determined by the Trustees and of which at least 15 days prior notice shall have been given to each registered holder of Trust Units. Two Warrants will entitle the holder to purchase one Trust Unit at the subscription price of \$25 per unit from the date of issue of the Warrants up to the close of business on August 15, 1977 when they expire.

The Warrant Indenture will provide that the Trust shall not be required to issue fractional Trust Units upon the exercise of Warrants but shall, in lieu of delivering a fractional Trust Unit, issue a non-participating scrip certificate in respect of such fractional interest (which will become void on the earlier of August 15, 1977 or one year from date of issue) entitling the bearer to receive a whole number of Trust Units on the surrender of scrip certificates calling for such number of Trust Units.

The Warrant Indenture will provide for the adjustment, in certain events, of the number of Trust Units issuable upon the exercise of the Warrants and of the price payable for Trust Units issuable upon such exercise designed to protect the subscription rights of the holders of the Warrants against dilution.

DESCRIPTION OF DEBENTURES

The Debentures will be issued under a trust indenture (the "Debenture Indenture") to be made as of October 10, 1972 between the Company, the Trust as guarantor and National Trust Company, Limited (the "Debenture Trustee") as trustee. The Debenture Indenture will not limit the aggregate principal amount of debentures which may be issued thereunder.

The Debentures will be dated the date of issue and will be fully registered in denominations of \$1,000 and authorized multiples thereof; will mature February 15, 1993; will be convertible at the option of the holder thereof on and after August 15, 1973 into one Trust Unit for each \$25 principal amount thereof; will bear interest at a fixed rate of 5½% per annum and in addition be entitled to participating interest to be determined as set out below, such fixed interest to be payable semi-annually at any branch in Canada of the bankers of the Company; will not be redeemable prior to August 15, 1977 and thereafter only upon the conditions set out below; will be secured by a pledge of the Note; will be subordinated in right of payment of principal and interest to Prior Indebtedness of the Company as defined below; and will be direct obligations of the Company and guaranteed by the Trust as to payment of principal and interest as set out below, but will not be secured by any other mortgage, pledge or charge.

Conversion of Debentures into Trust Units

Pursuant to an agreement (the "Conversion Indenture") to be made as of October 10, 1972 between the Trust, the Company and the Debenture Trustee, the Debentures will be convertible at the holder's option into fully-paid and non-assessable Trust Units, as presently constituted (without adjustment for interest, fixed or participating, accrued on the Debentures or for dividends on the Trust Units issuable upon conversion) at any time on and after August 15, 1973 up to the close of business on February 14, 1993, or, if called for redemption, on the business day immediately preceding the date specified for redemption of such Debentures, on the basis of one Trust Unit for each \$25 principal amount of the Debentures surrendered for conversion. The Conversion Indenture will provide that fractional Trust Units will not be required to be issued upon any such conversion but, in lieu of delivering a fractional Trust Unit, the Trust may deliver a non-participating scrip certificate in respect of such fractional interest (which will become void on the earlier of February 14, 1993 or one year from the date of issue) entitling the bearer to receive a whole number of Trust Units on the surrender of scrip certificates calling for such number of Trust Units.

The Conversion Indenture will provide for the adjustment in certain events of the number of Trust Units issuable upon the conversion of the Debentures designed to protect the conversion rights of the holders of Debentures against dilution.

The Debentures will be convertible into Trust Units at the principal offices of Canada Permanent Trust Company in Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver.

Fixed and Participating Interest

The rights of the holders of the Debentures to fixed and participating interest are set out in the Debenture Indenture. The basis of these rights may be summarized as follows.

In addition to the fixed interest payable on the Debentures at the rate of $5\frac{1}{2}\%$ per annum from the date of issue in semi-annual payments on February 15 and August 15 in each year commencing February 15, 1973, the holders of the Debentures will be entitled to receive by way of participating interest an aggregate amount in respect of each calendar year which is equal to the proportion of the Surplus Investment Revenues of the Trust for such calendar year that the total principal amount of all the Debentures outstanding at the end of such year bears to the total of the principal amount of all participating indebtedness of the Trust outstanding on such date plus the aggregate of the Subscription Prices paid for all Trust Units outstanding on such date; provided that the aggregate of all such fixed and participating interest payable in respect of any calendar year on any Debenture will not exceed interest at the rate of 10% per annum on the principal amount thereof.

In addition to the foregoing dealing with the basic rights to fixed and participating interest, the Debenture Indenture will contain provisions to the following effect designed to cover certain special situations which may occur in the future should other indebtedness be incurred by the Trust entitling the Company or other holders to participating interest. If, by reason of a maximum limit on the amount of interest which any other participating indebtedness of the Trust is entitled to receive, there is paid on such other participating indebtedness in respect of any period an amount less than that part of the Surplus Investment Revenues for such period which is equal to the proportion which the principal amount of such other participating indebtedness bears to the total principal amount of all participating indebtedness plus the total Subscription Prices of all Trust Units, in each case then outstanding, then the Debentures will be entitled to participate in such excess in the same proportion with all Trust Units and all the remaining participating indebtedness, if any, entitled by the terms thereof to participate therein.

The amount required for payment of fixed and participating interest on the Debentures will be received by the Company from the Trust by way of fixed and participating interest on the Note. The aggregate amount of the participating interest payable on the Debentures in respect of each calendar year will be payable on the February 15 following except to the extent that the Trustees shall have determined prior to the preceding August 15 that the Surplus Investment Revenues of the Trust are sufficient to justify a payment on such August 15 on account of such participating interest.

The "Surplus Investment Revenues" of the Trust will be defined in the Debenture Indenture and in the Note to mean, in effect, with respect to any period, the amount by which: (a) the aggregate of all revenues earned by the Trust (excluding any profits or gains arising on the disposition of investments or other assets)

during such period exceeds; (b) the aggregate of all expenses and other proper income charges of the Trust (other than participating interest payable or accrued on participating indebtedness, including the Note, and losses arising on the disposition of investments or other assets) during such period plus an amount equal to the sum of the amounts obtained by applying interest for three months at the rate of 5% per annum to the aggregate of the Subscription Prices paid for all Trust Units outstanding at the close of business on the last business day of each calendar quarter ending during such period. The "Subscription Price" for Trust Units will be defined, in effect, to mean the issue price paid to the Trust except in any case where Trust Units are issued as part of a public offering, in which case the Subscription Price shall be the offering price thereof to the public.

Redemption

The Debentures will not be redeemable on or before August 15, 1977, and will not be redeemable after that date unless the weighted average price at which the Trust Units have traded during the 20 trading days ending on the fifth day preceding the date on which the notice of redemption is given was not less than 120% of the conversion price in effect on the said fifth day preceding the date when said notice is given and the Company shall have filed with the Debenture Trustee a certificate of the Trust to that effect.

Subject to the foregoing, the Debentures will be redeemable prior to maturity in whole at any time or in part from time to time at the option of the Company on not less than 30 days' notice, at a price equal to 100% of the principal amount thereof together with accrued and unpaid fixed interest thereon to the date specified for redemption plus, if the date fixed for redemption is an interest payment date, the amount of participating interest, if any, payable on that date. The Company will have the right at any time and from time to time to purchase the Debentures in the market or by tender or by private contract at any price.

Subordination

Subject only to the pledge of the Note as security for the Debentures, the payment of the principal of and interest, both fixed and participating, on the Debentures will be subordinated in right of payment to the prior payment in full of all Prior Indebtedness, whether outstanding on the date of the Debenture Indenture or thereafter incurred.

"Prior Indebtedness" will be defined to mean, in effect, the principal of and interest and premium, if any, on (a) indebtedness of the Company (other than indebtedness evidenced by the Debentures and any other debentures issued under the Debenture Indenture) for money borrowed from or guaranteed to others or for the payment of which the Company is responsible or liable, and (b) renewals, extensions and refundings of any such indebtedness, unless in any of the cases specified in (a) or (b) above it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness or such renewal, extension or refunding is not Prior Indebtedness.

The Debenture Indenture will provide in effect that upon any distribution of the assets of the Company upon any liquidation, reorganization, bankruptcy, insolvency, receivership or otherwise of the Company, the holders of all Prior Indebtedness will be entitled to receive payment in full before the holders of the Debentures are entitled to receive any payment. Notwithstanding the subordination provisions, (a) the Company may at any time (except (i) during the pendency of any such distribution upon liquidation, reorganization, bankruptcy, insolvency, receivership or otherwise, (ii) when any Prior Indebtedness is in default (subject, however, to the right to complete redemptions of the Debentures of which a notice has been given) or (iii) upon maturity of any Prior Indebtedness by lapse of time or acceleration of which payment in full has not been made or provided for), make payments of principal and interest on the Debentures and (b) the Debenture Trustee may at any time, except where notice has been given to the Debenture Trustee that any Prior Indebtedness is in default (subject, however, to the right to complete redemptions of the Debentures of which a notice has been given), apply any moneys deposited with it to the payment of principal and interest on the Debentures.

Guarantee by the Trust and Pledge of the Note

The payment of the principal of and interest, both fixed and participating, on the Debentures will be unconditionally and jointly and severally guaranteed by the Trust and will be secured by the pledge of the Note. Such guarantee will be subject in right of payment to the prior payment in full of all Prior Indebtedness of the Trust. The definition of Prior Indebtedness of the Trust will be substantially the same, mutatis mutandis, as the definition of Prior Indebtedness of the Company and the guarantee will contain provisions

respecting the subordination thereof substantially similar to the provisions respecting the subordination of the Debentures, all as referred to above.

Based on the pro forma balance sheet of the Trust as at September 6, 1972, the total assets of the Trust of \$75,856,250 will be equivalent to \$2,167 for each \$1,000 of, or 2.2 times, the \$35,000,000 liability of the Trust represented by the Note and the guarantee of the Debentures.

Modification

The Debenture Indenture will provide that the rights of the Debentureholders may be modified. Such modifications may be effected and made binding on the holders of the Debentures if authorized by Extraordinary Resolution. An Extraordinary Resolution will be defined in the Debenture Indenture to mean, in effect, a resolution passed by the affirmative vote of the holders of not less than 66 $\frac{2}{3}$ % of the principal amount of Debentures represented and voted at a meeting of Debentureholders or an instrument in writing signed by the holders of at least 66 $\frac{2}{3}$ % of the outstanding principal amount of Debentures.

Qualification for Investment

In the opinion of counsel the Debentures will, on the basis of the earnings of the Company during the preceding five years as set out in note 1 to the balance sheets of the Company forming part of this prospectus, be investments:

- (a) in which the Canadian and British Insurance Companies Act (Canada) states that a company registered under Part III thereof may invest its funds, without resorting, for that purpose, to the provisions of subsection (4) of section 63 of such Act;
- (b) which may be vested in trust by a company (as defined in the Foreign Insurance Companies Act (Canada)) for the purpose of such Act without resorting, for that purpose, to the provisions of section 4 of Schedule I to such Act;
- (c) in which the Trust Companies Act (Canada) states that a trust company incorporated under such Act may invest guaranteed trust moneys, provided such investment is also authorized by the instrument creating the trust;
- (d) in which the Loan Companies Act (Canada) states that a loan company whose investment powers are governed by such Act may invest its funds, without resorting, for that purpose, to the provisions of subsection (5) of section 60 of such Act;
- (e) in which the Pension Benefits Standards Act (Canada) states that the funds of a pension plan whose investment powers are determined by Schedule C of the Regulations adopted under such Act may be invested, without resorting, for that purpose, to the provisions of section 4 of such Schedule; and
- (f)
 - (i) in which The Loan and Trust Corporations Act (Ontario) states that a trust company whose investment powers are governed by such Act may invest its own funds and up to 50% of the moneys received for guaranteed investment or as deposits, without resorting, for that purpose, to the provisions of section 154 of the said Act; and
 - (ii) in which The Loan and Trust Corporations Act (Ontario) states that a loan corporation whose investment powers are governed by such Act may invest its funds, without resorting, for that purpose, to the provisions of section 151 of the said Act.

DESCRIPTION OF NOTE

As described under "Use of Proceeds" and "Underwriting", the Company will concurrently with the issue of the Debentures purchase from the Trust its Note in an equivalent principal amount and pledge the same as security for the payment of the Debentures.

The Note will be dated and will mature on the same dates as the Debentures and will be subordinated in right of payment to the prior payment in full of all Prior Indebtedness of the Trust by provisions substantially similar to the provisions respecting the subordination of the Debentures and the guarantee thereof by the Trust. See "Description of Debentures". The Company will have the right to require the Trust to prepay the Note in part from time to time in amounts equal to the principal amount of the Debentures being surrendered to the Debenture Trustee for cancellation on conversion or otherwise.

The Company as the holder of the Note will be entitled to semi-annual payments of fixed and participating interest in amounts which will be 1/100 of 1% higher, on an annual basis, than the interest payable on the Debentures.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to the purchasers of the Units and the Debentures: the Declaration of Trust, the Debenture Indenture, the Note, the Warrant Indenture, the Advisory Contract, the Initial Portfolio Agreement, the Underwriting Agreement, the Conversion Indenture, the Financing Agreement, the TDRI Limited Share Agreement, the Escrow Agreement and the Subscriptions, all of which are referred to elsewhere in this prospectus.

Copies of the foregoing, when executed, may be examined during normal business hours at the principal offices of the Trust and the Company during the period of distribution to the public of the Units and the Debentures and for a period of 30 days thereafter.

AUDITORS

Deloitte, Haskins & Sells, Chartered Accountants, Box 283, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario, are the auditors of the Trust and the Company.

TRANSFER AGENT, REGISTRAR AND TRUSTEES

Canada Permanent Trust Company, at its principal offices in Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver, is the transfer agent and registrar for the Trust Units and is also the trustee in respect of the Warrants.

National Trust Company, Limited as Debenture Trustee, is the trustee in respect of the Debentures. Registers for the transfers of the Debentures will be kept at the principal offices of the Debenture Trustee in Toronto, Montreal, Winnipeg, Calgary and Vancouver.

PROMOTERS

The Adviser and the Underwriter took the initiative in founding the Trust and in arranging the reorganization of the Company. Accordingly, they are both "promoters" as defined in the securities acts of certain Provinces of Canada. The Underwriter expects to receive the underwriting discounts referred to under "Underwriting", and any fees or commissions earned as fiscal agent for the Trust and the Company. The Adviser is the prospective vendor of the investments set out under "Initial Investments" and expects to sell other investments to the Trust from time to time. The Adviser expects to receive from the Trust compensation under the Advisory Contract and mortgage servicing fees, and other fees and charges in the normal course of acting as banker for the Trust and the Company. The Adviser will participate in the offering and sale of securities of the Trust and the Company, including the Units and the Debentures, and will receive compensation in connection therewith.

TD REALTY INVESTMENTS

(A Trust)

Balance Sheet and Pro Forma Balance Sheet

Assets	September 6, 1972	Pro Forma as at September 6, 1972
BANK DEPOSITS AND GOVERNMENT BONDS.....	\$5,000,000	\$53,588,250
INVESTMENTS:		
Mortgage loans and other real estate investments—at cost.....	—	22,268,000
	<u>\$5,000,000</u>	<u>\$75,856,250</u>
	<u><u>\$5,000,000</u></u>	<u><u>\$75,856,250</u></u>

Liability and Equity

LIABILITY:		
1972 participating subordinated note.....	\$ —	\$35,000,000
EQUITY:		
Trust units.....	5,000,000	40,856,250
	<u>\$5,000,000</u>	<u>\$45,856,250</u>
	<u><u>\$5,000,000</u></u>	<u><u>\$45,856,250</u></u>

On behalf of the Trustees:

(Signed) R. M. THOMSON, Trustee

(Signed) ROBERT W. KORTHALS, Trustee

The accompanying notes are an integral part of these balance sheets.

TD REALTY INVESTMENTS

Notes to the Balance Sheet and Pro Forma Balance Sheet September 6, 1972

1. FORMATION

TD Realty Investments is a trust created pursuant to a declaration of trust made in Toronto, Ontario, and dated June 23, 1972. Of the initial 200,000 trust units, 10,000 were issued on June 23, 1972 for a cash consideration of \$250,000. The income from June 23, 1972 to September 6, 1972 accruing as a result of this investment is nominal. The remaining 190,000 trust units were issued on September 6, 1972 for a cash consideration of \$4,750,000. All of the initial trust units carry the right to receive warrants entitling the bearer to purchase, in the aggregate, 100,000 trust units.

2. PRO FORMA TRANSACTIONS

The pro forma balance sheet gives effect to the following:

- (a) the issue of the 1972 participating subordinated note in the principal amount of \$35,000,000 to TDRI Limited for a net cash consideration equal to the principal amount thereof;
- (b) the issue of 1,600,000 trust units and warrants (entitling the holders thereof to purchase, in the aggregate, 800,000 trust units) for a net cash consideration of \$37,500,000 less estimated expenses of \$200,000 of such issue;
- (c) the assumption by the trust of the underwriting discount of \$1,443,750 relating to the issue of convertible participating subordinated debentures 1972 series by TDRI Limited, which are guaranteed by the trust, as a financing cost related to the issue by the trust of the above-mentioned note and the application of such underwriting discount against its capital;
- (d) the acquisition of the initial investments described in note 3(a); and
- (e) the investment of the balance of the proceeds of issue in bank deposits and government bonds.

3. INITIAL INVESTMENTS

Under the initial portfolio agreement between the trust and a Canadian chartered bank, dated as of September 20, 1972, and subject to the completion of the financing referred to above:

- (a) the trust has agreed to purchase the following investments at the amount advanced thereon (the vendor's cost) plus accrued interest, less repayments of principal. The purchase prices, being the fair market value, are subject to adjustment to date of closing.

Type of Property	Nature of Investment	Cost and Principal Amount	Estimated Yield
Apartment Buildings	NHA Mortgage Loans	\$ 5,099,000	9%-9½%
Commercial Buildings	Mortgage Loans	3,172,000	8%-9⅞%
Commercial Buildings	Construction Loans	6,500,000	7½%
Single Family Dwellings	NHA Mortgage Loans	4,988,000	9%
Single Family Dwellings	Mortgage Loans	4,990,000	9¼%
Land Development	Mortgage Loan	2,500,000	9½%
Industrial Buildings	Mortgage Loans	1,690,000	9¼%-9½%
Industrial Building	Wrap-around Loan	2,250,000	10¼%
		<u>31,189,000</u>	
Less undrawn portions.....		8,921,000	
		<u>\$22,268,000</u>	

- (b) the trust has agreed to assume the following commitments:

Type of Property	Nature of Investment	Committed Amount	Estimated Yield
Apartment Building	NHA Mortgage Loan	\$ 888,000	9¼%
Commercial Building	Construction Loan	3,500,000	8½%
Commercial Buildings	Mortgage Loans	3,045,000	8½%-9½%
Commercial Building	Purchase Leaseback	1,100,000	9⅞%
Industrial Buildings	Mortgage Loans	1,157,000	9¼%-9¾%
Commercial Building	NHA Mortgage Loan	1,063,000	9¼%
		<u>\$10,753,000</u>	

It is anticipated that approximately \$4,770,000 of these commitments will be advanced during the next three months.

TD REALTY INVESTMENTS

Notes to the Balance Sheet and Pro Forma Balance Sheet

September 6, 1972

4. 1972 PARTICIPATING SUBORDINATED NOTE

The 1972 participating subordinated note, which matures on February 15, 1993, is unsecured and by its terms is declared to be subordinate, in certain circumstances, to future borrowings and guarantees. Interest is payable semi-annually at a fixed rate of 5.51% per annum plus participating interest at a rate of up to 4.5% per annum based upon net revenue (excluding gains or losses on dispositions) after certain deductions. The note is subject to prepayment in whole or in part, in certain circumstances.

5. TRUST UNITS

The beneficial interest provided for in the declaration of trust is divided into trust units without par value and the number of trust units authorized to be issued is 12,000,000.

6. WARRANTS

The warrants carry the right to purchase trust units on the basis of one trust unit for two warrants plus \$25 prior to the warrant expiry date, August 15, 1977.

7. ADDITIONAL OPTIONS ON TRUST UNITS

The debentures of TDRI Limited, issued concurrently in the principal amount of \$35,000,000, are convertible at the option of the holder on and after August 15, 1973 into trust units on the basis of one trust unit for each \$25 principal amount of debentures.

AUDITORS' REPORT

To the Trustees of

TD REALTY INVESTMENTS

We have examined the balance sheet and pro forma balance sheet of TD Realty Investments (a trust) as at September 6, 1972. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) the balance sheet presents fairly the financial position of the trust as at September 6, 1972; and
- (b) the pro forma balance sheet presents fairly the financial position of the trust as at September 6, 1972, after giving effect to the transactions set forth in Note 2;

all in accordance with generally accepted accounting principles consistently applied.

Toronto, Ontario,
September 20, 1972.

(Signed) DELOITTE, HASKINS & SELLS
Chartered Accountants.

TDRI LIMITED

(Incorporated under the laws of the Province of Ontario)

Balance Sheet and Pro Forma Balance Sheet

	September 6, 1972	Pro Forma as at September 6, 1972
Assets		
BANK DEPOSITS AND GOVERNMENT BONDS	\$250,000	\$ 250,000
INVESTMENT:		
1972 participating subordinated note of TD Realty Investments (a trust)	—	35,000,000
	\$250,000	\$35,250,000

Liability and Shareholders' Equity

LIABILITY:

Convertible participating subordinated debentures 1972 series	\$ —	\$35,000,000
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SHAREHOLDERS' EQUITY:

Capital stock	250,000	250,000
	\$250,000	\$35,250,000

On behalf of the Board of Directors:

(Signed) R. M. THOMSON, Director

(Signed) ROBERT W. KORTHALS, Director

The accompanying notes are an integral part of these balance sheets.

TDRI LIMITED

Notes to the Balance Sheet and Pro Forma Balance Sheet

September 6, 1972

1. HISTORY OF EARNINGS

The statements of earnings and retained earnings for the five years ended September 30, 1971, and the immediate next succeeding period ended September 6, 1972, have not been included since such statements would reflect earnings which have been distributed by way of dividends and are not material in the context of the expanded operations of the company which will commence upon the completion of the pro forma transactions set out in Note 3. The earnings of the company for each of the five years ended September 30, 1971, were as follows: 1967—\$3,173; 1968—\$1,696; 1969—\$1,392; 1970—\$2,775; 1971—\$3,703.

2. CAPITAL STOCK

The capital stock of the company was changed by articles of amendment dated June 19, 1972 to 2,500 shares without par value, all of which shares are outstanding.

3. PRO FORMA TRANSACTIONS

The pro forma balance sheet gives effect to the following:

- (a) the issue of convertible participating subordinated debentures 1972 series in the principal amount of \$35,000,000;
- (b) the purchase of the 1972 participating subordinated note of TD Realty Investments (a trust) in the principal amount of \$35,000,000, bearing interest at a fixed rate of 5.51% per annum plus participating interest at a rate of up to 4.5% per annum based upon the net revenue (excluding gains or losses on dispositions) of TD Realty Investments after certain deductions;
- (c) the assumption by TD Realty Investments of the underwriting discount of \$1,443,750 relating to the issue of the debentures by the company as a financing cost related to the issue by TD Realty Investments of the abovementioned note.

4. CONVERTIBLE PARTICIPATING SUBORDINATED DEBENTURES 1972 SERIES

The debentures, which mature on February 15, 1993, are convertible on and after August 15, 1973 into trust units of TD Realty Investments on the basis of one trust unit for each \$25 of principal amount, are redeemable, in certain circumstances, at the company's option after August 15, 1977 and are secured by a pledge of the note referred to above.

Interest is payable semi-annually at a fixed rate of 5½% per annum plus participating interest at a rate of up to 4½% per annum based upon the net revenue (excluding gains or losses on dispositions) of TD Realty Investments after certain deductions.

5. ARTICLES OF AMENDMENT

The company obtained articles of amendment dated June 19, 1972, changing its name to TDRI Limited.

AUDITORS' REPORT

To the Directors of
TDRI LIMITED

We have examined the balance sheet and pro forma balance sheet of TDRI Limited as at September 6, 1972. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) the balance sheet presents fairly the financial position of the company as at September 6, 1972; and
 - (b) the pro forma balance sheet presents fairly the financial position of the company as at September 6, 1972, after giving effect to the transactions set forth in Note 3;
- all in accordance with generally accepted accounting principles consistently applied.

Toronto, Ontario,
September 20, 1972.

(Signed) DELOITTE, HASKINS & SELLS
Chartered Accountants.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 64 and 65 of The Securities Act (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act (Manitoba) and sections 64 and 65 of The Securities Act (Ontario) provide in effect that, where a security is offered to the public in the course of distribution,

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent; and
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security, as of the date of receipt or deemed receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered to the public in the course of primary distribution,

- (a) a purchaser, while still the owner thereof, has the right to rescind a contract for the purchase of a security if a copy of the last prospectus together with financial statements and reports and summaries of reports relating to the securities, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery of the written confirmation of the sale of the securities to either of them. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell the security within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and
- (b) a purchaser, while still the owner thereof, has the right to rescind a contract for the purchase of such security if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from (1) the date of such contract, or (2) the date on which such prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent, whichever date is the later.

Reference is made to the aforesaid acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

CERTIFICATE OF THE TRUST, THE COMPANY AND THE PROMOTERS

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of The Securities Act (Alberta), Part VIII of The Securities Act, 1967 (Saskatchewan), Part VII of The Securities Act (Manitoba), Part VII of The Securities Act (Ontario), and the respective regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Toronto, September 20, 1972.

TD REALTY INVESTMENTS

(Signed) R. M. THOMSON
President

(Signed) ROBERT W. KORTHALS
Vice-President

On behalf of the Trustees

(Signed) D. A. B. STEEL
Trustee

(Signed) FRED A. M. HUYCKE
Trustee

TDRI LIMITED

(Signed) R. M. THOMSON
President

(Signed) ROBERT W. KORTHALS
Vice-President

On behalf of the Board of Directors

(Signed) M. DAVIES
Director

(Signed) T. G. O'CONNOR
Director

PROMOTERS

McLEOD, YOUNG, WEIR & COMPANY LIMITED
by: (Signed) J. S. DINNICK

THE ADVISER
by: (Signed) A. T. LAMBERT

CERTIFICATE OF THE UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), Part 7 of The Securities Act (Alberta), Part VIII of The Securities Act, 1967 (Saskatchewan), Part VII of The Securities Act (Manitoba), Part VII of The Securities Act (Ontario), and the respective regulations thereunder, under the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick).

Toronto, September 20, 1972.

McLEOD, YOUNG, WEIR & COMPANY LIMITED
by: (Signed) J. S. DINNICK

The following includes the names of all persons having an interest directly or indirectly to the extent of not less than 5% in the capital of McLeod, Young, Weir & Company Limited: J. S. Dinnick, G. C. MacDonald, C. P. Keeley, L. E. Barlow, J. L. McLaughlin, A. T. L. Fraser, R. M. Grills, F. B. Farrill and A. S. Brooke.

13. STATUS UNDER SECURITIES ACTS

Particulars of any filing, registration, approval or qualification with, on or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

Province	Date on which 1,600,000 Trust Units of Trust qualified for sale
Ontario	September 21, 1972
Nova Scotia	September 25, 1972
New Brunswick	September 22, 1972
Prince Edward Island	September 25, 1972
Newfoundland	September 25, 1972
Québec	September 21, 1972
Manitoba	September 21, 1972
Saskatchewan	September 25, 1972
Alberta	September 22, 1972
British Columbia	September 22, 1972

14. FISCAL YEAR

The fiscal year of the Trust ends on December 31 in each year.

15. ANNUAL MEETINGS

The Declaration of Trust provides that the annual meeting of the holders of Trust Units shall be held on a day, at a time and at a place set by the Trustees. No annual meeting of the holders of Trust Units has yet been held.

16. HEAD AND OTHER OFFICES

The principal and head office of the Trust is located at Toronto-Dominion Centre, Toronto, Ontario.

17. TRANSFER AGENT

The Transfer Agent of the Trust is Canada Permanent Trust Company at its principal offices in the Cities of Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver.

18. TRANSFER FEE

No fee is charged on transfers of Trust Units other than customary government stock transfer taxes.

19. REGISTRAR

The Registrar of the Trust is Canada Permanent Trust Company at its principal offices in the Cities of Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver.

20. AUDITORS

The auditors of the Trust are Deloitte, Haskins & Sells, Chartered Accountants, Box 283, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario.

21. TRUSTEES AND OFFICERS

The full name, address and occupation for the past five years of each Trustee or officer of the Trust are as they appear on pages 17, 18 and 19 of the Prospectus, with the following exceptions:

Mr. Hockin is now the Executive Vice-President Investment of the Adviser.

Mr. Poole is now the General Manager of the Adviser.

Mr. Thomson is now the President and a director of the Adviser.

CERTIFICATE

Pursuant to a resolution duly passed by its Trustees, TD Realty Investments hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

TD REALTY INVESTMENTS



Per: "R. M. THOMSON",
President
"T. G. O'CONNOR",
Secretary

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

McLEOD, YOUNG, WEIR & COMPANY LIMITED

By "W. J. CORCORAN"

DISTRIBUTION OF TRUST UNITS AS OF NOVEMBER 1, 1972.

<u>Number</u>							<u>Shares</u>
945	.....	Holders of	1 — 24	share lots	.....		13,976
4,925	.....	" "	25 — 99	" "	.....		185,300
1,650	.....	" "	100 — 199	" "	.....		181,683
494	.....	" "	200 — 299	" "	.....		106,895
145	.....	" "	300 — 399	" "	.....		47,620
81	.....	" "	400 — 499	" "	.....		33,345
173	.....	" "	500 — 999	" "	.....		105,023
208	.....	" "	1000 — up	" "	.....		1,126,158
<u>8,621</u>		Shareholders				Total Shares	<u>1,800,000</u>

THE TORONTO STOCK EXCHANGE TORONTO

BULLETIN NO. 8774
NOVEMBER 27, 1972

NEW LISTING

TD REALTY INVESTMENTS *file* *(add Bentall)*

Application has been made for the listing in the Real Estate Investment Trust category of 4,100,000 Trust Units of which 2,300,000 Units are subject to issuance. The Trust Units will trade "cum warrants" until such times as the warrants are stripped and in any case not later than August 14, 1973. The Trust Units "cum warrants" will be posted for trading at the opening on Wednesday, November 29th.

STOCK SYMBOL:

TICKER TAPE - TDR6UN

CANDAT - TDR6U

POST SECTION: 5.4

Listing Statement No. 2578 is being prepared. The following is some of the information that will be in this Statement:-

NOTE REGARDING Unitholder Liability - The Declaration of Trust provides that any written instrument creating an obligation of the Trust shall contain a provision to the effect that such obligation is not binding upon any of the holders of the Trust Units personally. In the opinion of counsel, no personal liability will attach in Canada to the holders of Trust Units for contract claims under any written instrument containing such provision. There is a risk that a holder of a Trust Unit will be held personally liable for obligations of the Trust to the extent that claims are not satisfied by the Trust in respect of contract claims against the Trust where the liability is not disavowed as described above, and in respect of claims against the Trust that do not arise under contracts, including claims for taxes and possibly certain other statutory liabilities. It is considered that the risk of any liability of this nature arising is minimal in view of the large equity in the Trust and the nature of its activities being such that most of its potential obligations arise by contract where personal liability can be disavowed and that non-contractual potential obligations are largely insurable. However, upon payment of any such obligation the holder of a Trust Unit will be entitled to reimbursement from the available assets of the Trust. The Trust intends to carry insurance which the Trustees consider adequate to cover any foreseeable non-contractual liability, to the extent such insurance is available at reasonable rates. The Trustees intend to conduct the operations of the Trust, with the advice of counsel, in such a way and in such jurisdictions as to avoid, as far as possible, any material risk of ultimate liability on the holders of Trust Units for claims against the Trust.

Legal Status - an unincorporated trust created under the laws of Ontario pursuant to a declaration of trust dated June 23, 1972, as amended as of September 20, 1972 and October 11, 1972.

Head Office - Toronto-Dominion Centre, Toronto, Ontario.

Nature of Business - The Trust is designed to operate as a mortgage and real estate financing intermediary which will enable investors to participate, through investment in its marketable securities, in a professionally managed and leveraged portfolio of diversified mortgage loans and other real estate investments.

Transfer Agent and Registrar - Canada Permanent Trust Company, Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver.

Trustees, Directors and Officers -

- H.C. Bentall, Vancouver, B.C., President, The Dominion Construction Company Limited, Trustee;
- P.H. Davies, Montreal, Quebec, General Manager, Investment Division, Canadian National Railway Company, Trustee;
- A.E. Diamond, Willowdale, Ontario, President, Cadillac Development Corporation Limited, Trustee;
- G.C. Gray, Don Mills, Ontario, President, A.E. LePage Limited, Trustee;
- A.B. Hockin, Toronto, Ontario, Executive Vice-President Investment, the Adviser, Vice-President and Trustee.

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Trustees, Directors and Officers Cont'd -

F.A. Meredith, Huycke, Q.C., Toronto, Ontario, Partner, Osler, Hoskin & Harcourt, Barristers and Solicitors, Trustee;
 C.P. Keeley, Toronto, Ontario, Vice-Chairman, McLeod, Young, Weir & Company Limited Trustee;
 R.W. Korthals, Toronto, Ontario, General Manager, the Adviser, Vice-President and Trustee;
 W.C. Poole, Willowdale, Ontario, General Manager, the Adviser, Vice-President and Trustee;
 D.A.B. Steel, Toronto, Ontario, Partner, Borden, Elliot, Keeley & Palmer, Barristers and Solicitors, Trustee;
 R.M. Thomson, Toronto, Ontario, President and Director, the Adviser, President and Trustee;
 C.L. Townend, Toronto, Ontario, Assistant General Manager, the Adviser, Vice-President, General Manager, and Trustee;
 N.R. Wood, Toronto, Ontario, President, The Fairview Corporation Limited, Trustee;
 T.J. Brown, Don Mills, Ontario, Superintendent, The Adviser, Assistant Vice-President;
 R. MacDonald Keller, Don Mills, Ontario, Superintendent, the Adviser, Assistant Vice-President;
 T.G. O'Connor, Toronto, Ontario, Assistant Secretary, the Adviser, Secretary;
 N.R. Roth, Willowdale, Ontario, Comptroller, the Adviser, Treasurer;
 R.E. Ruest, Toronto, Ontario, Chief Accountant, the Adviser, Assistant-Treasurer;
 B.K. Sterns, Toronto, Ontario, Assistant Chief Accountant, the Adviser, Assistant-Treasurer;
 S.R. Wilson, Toronto, Ontario, Supervisor, the Adviser, Assistant, Vice-President;
 J.S. Wilton, Willowdale, Ontario, Deputy Chief Accountant, the Adviser, Assistant Treasurer.

CAPITALIZATION AS AT OCTOBER 12, 1972

<u>CAPITAL</u>	<u>AUTHORIZED</u>	<u>ISSUED AND OUTSTANDING</u>	<u>TO BE LISTED</u>
Trust Units	12,000,000	1,800,000	4,100,000 (1)
FUNDED DEBT			
1972 Participating Subordinated Note	\$35,000,000	\$35,000,000	Nil

NOTE: (1) Of which 2,300,000 are subject to issuance.

Recent Underwriting - Under an agreement dated September 20, 1972 (the "Underwriting Agreement") between the Trust, the Company and the Underwriter:

- the Company sold to the Underwriter \$35,000,000 principal amount of its Debentures at a price equal to 95.875% of the principal amount thereof and purchased the \$35,000,000 Note of the Trust at the principal amount thereof;
- the Trust sold to the Underwriter 1,600,000 Units (each consisting of one Trust Unit and one Warrant) at the price of \$23.4375 per Unit, and sold to the Company its Note as provided in (a) above and assumed the discount on the sale of the Debentures; and
- the Underwriter took up and paid for the Debentures and Units at the said prices against delivery on October 12, 1972 of the certificates in interim form for the Trust Units and in definitive form for the Debentures.

Use of Proceeds - In accordance with the terms of the Underwriting Agreement the Company proposes to apply the proceeds of \$33,556,250 to be received by it from the sale of the Debentures towards the purchase of a \$35,000,000 Note of the Trust at the principal amount thereof, the balance of such purchase price being covered by the assumption by the Trust of the \$1,443,750 underwriting discount on the Debentures.

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Use of Proceeds - The proceeds to the Trust from the issues of the Units and the Note will be \$37,500,000 and \$35,000,000, respectively. The total net proceeds to the Trust from these issues is estimated to be the aggregate of said amounts, namely \$72,500,000, less the aggregate of the expenses of the issue of the Units, estimated at \$200,000, and the discount on the Debentures of \$1,443,750. The Trust has agreed with the Company to assume the discount on the Debentures as such discount is incidental to the issue of the Note, and proposes to charge all of the foregoing discount and expenses against its capital.

The said estimated total net proceeds amounting to \$70,856,250 are intended to be invested to the extent of approximately \$22,268,000 in the acquisition of the investments listed as being wholly or partially funded under "Initial Investments" pursuant to an agreement (the "Initial Portfolio Agreement") between the Trust and the Adviser, dated as of September 20, 1972. It is intended that the balance of such net proceeds will be invested to the extent of \$19,674,000 in the unadvanced balances of such investments and pursuant to the commitments to invest shown under "Initial Investments". The remainder of said estimated total net proceeds together with the \$5,000,000 subscribed by the Adviser will be invested in investments of the nature described under "Investment". Pending such acquisition and investment, the uninvested portion of the net proceeds to the Trust together with the said \$5,000,000 will be invested in direct or guaranteed obligations of the governments of Canada and/or any Province thereof and/or certificates of deposit and/or time deposits of any Canadian chartered bank including the Adviser. Any investments in deposits with the Adviser will be at rates competitive with those available from other Canadian chartered banks.

Dividends - The Trust, as a trust, will be treated under existing legislation as a conduit to the extent that it will not be taxed on net income and net capital gains for any fiscal year which are paid or payable in such year to the holders of Trust Shares. Substantially all net income will be distributed annually to holders of Trust Shares by way of quarterly dividends.

Tax Status - In the opinion of counsel, for the Trust so long as the Trust continues to qualify as a "unit trust" under the Income Tax Act, the liability for income tax, under existing federal legislation, will be as described below.

The Trust - To the extent that the net income of the Trust and the taxable portion of its net capital gains, if any, for each fiscal year are paid or payable in such year to holders of Trust Units, the Trust itself will not be liable for tax thereon. To the extent that the Trust retains any such income or gains, it will be subject to tax at applicable rates, except to the extent that such gains may be retained without liability for tax by reason of capital losses sustained in prior years. The interest paid by the Trust on the Note will be deductible in computing its income for tax purposes.

Holders of Trust Units - Holders of Trust Units will be required to include in their income that portion of the net income of the Trust and the taxable portion (normally one-half) of its net capital gains, if any, paid or payable to them by the Trust on the same basis as if they had received such income and capital gains directly. As required by law, holders of Trust Units will receive annually information necessary to complete their tax returns.

Holders of Warrants - Since the warrants (the "Warrants") included in the Units are being issued under the Underwriting Agreement for no consideration, each purchaser of a Unit who purchases for purposes of investment will, if taxable as an investor, realize on the sale of any Warrant a taxable capital gain equal to the sale price of such Warrant. The purchaser of a Unit will not be liable for tax by reason of his exercise of the subscription right contained in a Warrant.

The Company - The interest paid by the Company on the Debentures will be deductible in computing its income for tax purposes.

Listed on Other Exchanges - The Montreal and Vancouver Stock Exchanges.

BY ORDER OF THE BOARD OF GOVERNORS

AILSA M. CURRIE,
Secretary.

